

## Fact sheet

# In Division 1, 2, or 3 and approaching your Superannuation Date?

### What's this about?

- You're a member of one of our defined benefit divisions
- You will stay in your division but how your super is calculated will change
- You will be able to choose how all your super is invested
- Talk to us about what this all means

You're a member of one of our defined benefit divisions.

This means your super is calculated according to a specific formula, and applies up to your Superannuation Date. Look for your formula in your member booklet – it's on our website.

### Your milestone dates

- **Divisions 1 or 2 flight attendants and pilots:** Generally 1 July after your 55th birthday.
- **Divisions 1 or 2 ground staff:** Generally 1 July after your 60th birthday.
- **Division 3:** Your 65th birthday.



Nearing this milestone date? Congratulations! This means you're approaching the maximum calculation possible in this phase of your defined benefit. Once you reach your superannuation date, some things will stay the same, others will change.

### What stays the same once you reach your Superannuation Date

- You will stay in your division
- Your employer will continue to contribute to your super
- A minimum will still apply to your benefit. This is called the SG\* Minimum Benefit, and is shown on your annual statement. **This is an important feature that financial advisers who are not familiar with your benefit design may miss.** It's something you should consider before withdrawing or rolling your super savings out of Qantas Super
- Divisions 2 and 3: Your employer will continue to pay for your administration fees
- Division 2 with an Australian Airlines minimum benefit guarantee: This guarantee will continue to apply, as long as you continue to make the compulsory member contributions.

\* SG means Superannuation Guarantee. This is the minimum amount payable under government rules.

### What changes once you reach your Superannuation Date

- The way your benefit is calculated will change. It will no longer be based on a formula. Instead, your defined benefit will be converted into an actual dollar amount at your Superannuation Date and put into an accumulation-style account. This means that going forward, your super simply grows with contributions that you and your employer puts into your account and investment earnings (which can be positive or negative), less fees/taxes.
- You will be able to choose your investment option/s for your entire benefit.
- Your compulsory member contributions will stop – more money for you to do as you wish, or you can choose to continue to contribute to increase your super. (This doesn't apply if you have an Australian Airlines minimum benefit guarantee.)
- You will no longer have any insurance
- Division 1: You will no longer pay administration fees.

“ You'll have greater control and flexibility when it comes to managing your super...

# Let's look at these changes in detail

## Contributions to your super

- **Company contributions:** Your employer will contribute to your super at the Superannuation Guarantee rate set by the Federal Government (keep in mind that SG contributions may be capped); and
- **Your compulsory contributions:** You'll no longer need to make compulsory member contributions, so these will no longer be deducted from your pay. If you are in Division 2 and an Australian Airlines minimum benefit guarantee applies to you, then you will need to continue to make these contributions for this guarantee to continue to apply.
- **Your voluntary contributions:** Any additional amounts you're putting into super will continue to be deducted from your pay. If you're not already doing this, you can top-up your super at any time with:
  - Regular contributions via payroll. Make before-tax (salary sacrifice) or after-tax contributions. To do this, simply contact Qantas People Services or complete the online **Superannuation Contribution Authority** form available on the Qantas intranet (you'll need to be logged into the Terminal to access the online form)
  - Lump sum after-tax contributions via BPay®. Log into your account online to find your personal customer reference number or call us for help.

Remember, there are limits to the amount of contributions you can make into super each financial year before you incur extra tax. Monitor the level of concessional and non-concessional contributions made to your superannuation arrangement(s). We can't do this, and neither can the Qantas Group. For more information on contribution caps, call us or visit our website. You also need to meet minimum working hours ('work test') from age 65.

## Your investment choices with Qantas Super

Once your super benefit moves into an accumulation-style account, the value fluctuates depending on investment returns as determined by investment markets, and the money flowing in and out of your account (such as contributions, insurance premiums for Voluntary Cover and tax). Investment returns may have a significant impact on the account balances for accumulation-style accounts.

You'll have **greater control and flexibility** when it comes to managing your super, and this includes your investment options. You can choose one or more investment options for your super. If you don't choose your preferred option/s for your account balance and any future contributions, they will be invested in the default investment option. Currently for your division, it's the Growth option.

### What investment options suit you?

The right investment option for you depends on your own situation. Ask us what works for you. As part of your membership, you get limited advice on topics like investment options, making contributions, and approaching retirement, at no extra cost. Let's talk.



## Fees

**Division 1:** You'll stop paying the administration fees that apply to your account after you reach your Superannuation Date.

**Divisions 2 or 3:** You don't pay administration fees at any time – before or after your Superannuation Date. These fees are paid by your employer and can be a big saving.

**All divisions:** You continue to pay investment fees, and these now apply to your entire benefit. The amount depends on the investment option you've chosen. They're deducted from the investment return of each option before it is applied to your account.

## Case study

### Meet Sally

Sally is a flight attendant and has been in Division 2 since 1990. She turns 55 in February 2019 and so her Superannuation Date is 1 July 2019. This is what happens with her super.

Since she's in a defined benefit division, her super is calculated according to a formula, which is a defined benefit amount plus her accumulation accounts.

On 1 July 2019, Sally reaches her "Superannuation Date". The formula is used to calculate Sally's super – she has a defined benefit amount of \$150,000 plus accumulation accounts of \$240,000, which gives Sally a total of \$390,000 in super.



#### What stays the same: She stays in Division 2

Her employer continues to contribute to her super and pay for administration fees. The SG minimum benefit still applies, which is the minimum super Sally must receive under standard government rules.



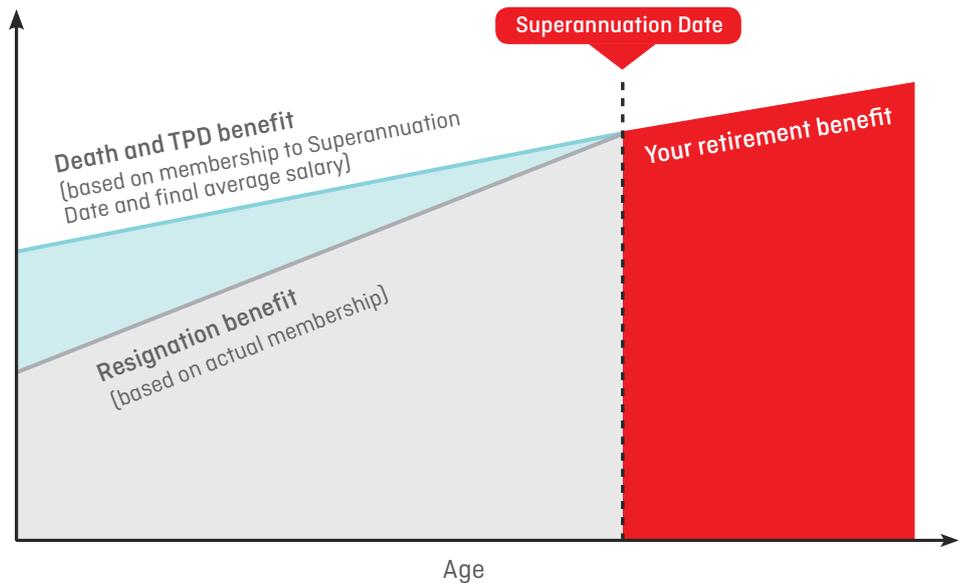
#### What changes: Sally reaches her maximum Defined Benefit Amount

Her total super of \$390,000 is transferred into a new account in Division 2, and she can now decide how all of her super is invested. Sally's compulsory member contributions will stop, but she can choose to keep putting away this money into her super too. Her employer will put at least 9.5% of her salary into her super. Her insurance ceases.

## Your insurance cover

Often members of our defined benefit divisions are concerned that their insurance cover stops at their Superannuation Date. This is understandable, but there is a reason.

In these divisions, the insurance benefits are designed to protect you if you're unable to work all the way up to your Superannuation Date. The graph to the right illustrates how this works at a high level.



### Here's a more detailed explanation of how it works

When looking at 'insurance' for death and Total and Permanent Disablement (TPD) cover in defined benefit divisions, it's more useful to consider the **total** death and TPD benefits (that is, including your super balance), rather than focusing on the insurance component only.

The total death and TPD benefit in these divisions (indicated by the blue line in the table) is calculated as your projected retirement benefit (based on your latest salaries) as if you'd remained working for Qantas Group up to your Superannuation Date.

By contrast, if you were to resign before your Superannuation Date, you would receive your Resignation Benefit only (based on your latest salary and your **actual** years of membership) as shown by the grey line in the diagram above.

The insured component, as highlighted in blue, is the difference between your TPD/death benefit, and your resignation benefit, and ensures you (or your beneficiary) receive your ultimate benefit had you stayed employed until your Superannuation Date (based on current salary).

### Want more insurance cover?

If you have any voluntary insurance cover in Qantas Super, this will continue until you reach 65 years of age, and insurance premiums for this cover will continue to be deducted from your account balance.

If you don't currently have voluntary cover in Qantas Super, you can apply for death only or death and TPD cover, and it will continue to be effective until you reach age 65. If you **are** considering additional insurance, it's worth noting that the cost of insurance premiums increase with age, so it is a good idea to consider the level of cover you really need. If you wish to discuss your insurance options, please call us on **1300 362 967**. Again, this advice is at no cost to you.

## We can support you

Before you reach your Superannuation Date, you'll receive a pack from us to let you know the changes, and what they mean for you.

To understand more about these changes now, including:

- how your benefit is calculated
- what happens to your account when your defined benefit component ceases to accrue, and
- the choices available to you.

Please read your member booklet for your division, available on our website, or call us on **1300 362 967**. We can help you over the phone.

### Thinking about slowing down?

When you're ready to cut down your work hours, or even stop work altogether, you can choose the Qantas Super Income Account.

It lets you draw a regular income from the super you've saved throughout your career, allowing you to get the most from your retirement, while remaining a valued member of the Qantas Super family. Call us to find out more.



## Contact us

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