



A guaranteed regular income in retirement

With Guaranteed Income for Life and Guaranteed Fixed Term Income options.



Ratings are just one factor to consider when deciding on a product. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to superratings.com.au for details of its ratings criteria. For more information about the methodology used by Chant West, see chantwest.com.au. For more information about our awards and ratings go to vicsuper.com.au/awards

The Guaranteed Income product earned these awards when it was part of the Victorian Superannuation Fund. From 1 July 2020, the product is now offered as part of the VicSuper division in the First State Superannuation Scheme. As the product features have not changed, the awards still apply to the Guaranteed Income product.

Guaranteed Income

Product Disclosure Statement

1 July 2020

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Guaranteed Income

About this Product Disclosure Statement (PDS)

Guaranteed Income for Life and Guaranteed Fixed Term Income products are available as part of the VicSuper division in the First State Superannuation Scheme (the Fund) and are jointly referred to as Guaranteed Income accounts. The trustee of the Fund is the FSS Trustee Corporation (Trustee).

This PDS sets out the features, costs, benefits and risks of investing your money in a Guaranteed Income account. This publication will help you to compare the features of these products with other retirement income products.

In addition, this PDS provides important information on the Guaranteed Income accounts and Centrelink entitlements.

In the event of any inconsistency between the governing rules of the Guaranteed Income accounts (such as the Fund's trust deed and any rules relating to the Guaranteed Income accounts made pursuant to the trust deed) and this PDS, the governing rules of the Guaranteed Income accounts will prevail.

For a copy of the Fund's trust deed go to vicsuper.com.au/trustdeed or alternatively, you can contact the Member Centre on **1300 366 216**.

Where the term 'account' is used in this PDS, it refers to an interest in the income products covered by this PDS. However, there is no actual account balance attributable to a Guaranteed Income member's interest.

Guaranteed Income for Life is an innovative super income stream.

Your guarantee

The money you invest in a Guaranteed Income account is invested in a life policy (Policy) issued to the Trustee by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (Challenger Life), a life insurance company within the Challenger group of companies.

The benefits provided by the Guaranteed Income accounts are supported by the Policy issued by Challenger Life, and not the Trustee. The Trustee will only pay members their income payments to the extent that the Trustee receives payment from Challenger Life.

Challenger Life's ultimate parent is Challenger Limited (ABN 85 106 842 371, AFSL 234670). Neither Challenger Limited nor any other company within the Challenger group of companies guarantees the performance of Challenger Life's obligations or assumes any liability in connection with the Policy.

For more information about the guarantee and any limitations, read the 'Who provides the guarantee?' section on page 22 and the 'What are the risks?' section on page 7. It is important that you bear this information in mind as you read references to the guarantee in this PDS.

You can request a copy of the policy document by contacting our Member Centre.

Benefits and risks of investing your super in a Guaranteed Income account

A Guaranteed Income account allows you to invest your super in a cost-competitive, tax-effective environment while receiving a guaranteed regular income. It also allows you to choose the retirement income options that may best suit your needs.

Where applicable, the regular income payments you receive each year meet the applicable minimum limit prescribed by the Government.

The Guaranteed Income for Life account is designed to provide income payments for the rest of your life.

The Guaranteed Fixed Term Income account is designed to provide income payments until the end of your nominated term.

If you voluntarily withdraw from your Guaranteed Fixed Term Income account or from your Guaranteed Income for Life account during your investment term or withdrawal period, the account has a withdrawal value which we will pay to you as a lump sum. You might receive less money than you invested or less than what you may have received had you continued to hold your investment for the full term.

The withdrawal value will vary over time because it depends on changing factors, including how long you've held the account and prevailing interest rates at that time.

Refer to the 'Managing your Guaranteed Income account' section on pages 15 to 16 for more information on withdrawing from your account.

More information

Due to the complexity of this offer, and that any decision you make now could last the rest of your life, you will need to see one of our financial planners before you open a Guaranteed Income account.

In addition, it is important that you read this PDS before making a decision to invest in a Guaranteed Income account. If you require further information before making a decision, contact us or visit vicsuper.com.au

When you invest in a Guaranteed Income account, you have a 14-day cooling-off period. Refer to page 13 for more information.

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Issued by FSS Trustee Corporation (ABN 11 118 202 672, AFSL 293340) as trustee of the First State Superannuation Scheme (ABN 53 226 460 365). This product disclosure statement (PDS) has been prepared by FSS Trustee Corporation (referred to in this document as the 'Trustee', 'we', 'us', 'our'), the trustee of the First State Superannuation Scheme (referred to as 'First State Super' or 'the Fund'). VicSuper is a division of the Fund, which includes the Guaranteed Income product. The Fund is governed by a trust deed ('Trust Deed') as amended from time to time. For a copy of the Trust Deed see [vicsuper.com.au/trustdeed](https://www.vicsuper.com.au/trustdeed) or alternatively, you can contact the Member Centre on **1300 366 216**.

Guaranteed Income was previously a product in the Victorian Superannuation Fund. It is now offered by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to the Fund on 1 July 2020. The Victorian Superannuation Fund no longer exists as a separate fund.

This publication contains general information only and does not take into account your specific objectives, financial situation or needs. Seek professional financial advice, consider your own circumstances and read this PDS before making a decision about investing in the Guaranteed Income product. Contact us to make an advice appointment. Advice is provided by State Super Financial Services Australia Limited (ABN 86 003 742 756, AFSL 238430) ('StatePlus'), our financial planning business, which is wholly owned by us. You should read the StatePlus Financial Services Guide before making a decision. For more information call the Member Centre on **1300 366 216**.

The information contained in this document is given in good faith and has been derived from sources believed to be reliable and accurate. No warranty as to the accuracy or completeness of this information is given and no responsibility is accepted by the Trustee or its employees for any loss or damage arising from reliance on the information provided. If there is an inconsistency between the information in this document and the terms of the Trust Deed, the Trust Deed will prevail.

Under exceptional circumstances (such as the closure of a major share market), and in the interests of all members, the Trustee may temporarily suspend transactions and/or the calculation of unit prices.

Information in this PDS that is not materially adverse is subject to change and may be updated from time to time. You can find updated information on our website at [vicsuper.com.au/pensionpds](https://www.vicsuper.com.au/pensionpds). A copy of the updated information will be provided to you, upon request, free of charge by calling us on **1300 366 216**.

The organisations included in this document have provided their consent to the materials and statements attributed to them, in the form and context in which they appear and have not withdrawn this consent as at the date of preparation. Chant West has given its consent to the inclusion in this Product Disclosure Statement of the references to Chant West and the inclusion of the logos and ratings provided by Chant West in the form and context in which they are included.

The information contained in this publication is current as at 1 July 2020, based on laws current as at 1 June 2020.

Why choose us?

Guaranteed Income allows you to invest your super in a cost-competitive, tax-effective environment while receiving a regular income.

We are a profit-to-member fund which is open for anyone in Australia to join. VicSuper is a division of the Fund. Guaranteed Income was previously a product in the Victorian Superannuation Fund. From 1 July 2020 it is now offered by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to the First State Superannuation Scheme ('the Fund'). The Victorian Superannuation Fund no longer exists as a separate fund.

Guaranteed Income forms one part of our retirement income solutions, which also includes other retirement income products and our advice service. This PDS is exclusively for Guaranteed Income.

Financial advice to help you make decisions that work for you

We know retirement planning can be complex, which is why we offer advice, over the phone, digitally and face-to-face.

You can choose from a range of services we offer, from simple phone advice at no additional fee through to more complex financial planning on a fee for service basis. You only pay for the service you use.

Much of the detail about the Guaranteed Income accounts is complex and any decision you make now could last the rest of your life. Therefore, you will need to see one of our financial planners before you open a Guaranteed Income account.

If you would like to speak to one of our financial planners, you can make an appointment by visiting vicsuper.com.au/advice or by calling **(03) 9667 9200**.

Seminars and webinars

We run regular face-to-face and online seminars on superannuation, investment and retirement.

Retirement income solutions to suit you

You can choose from a range of options to tailor your Guaranteed Income account to meet your requirements.

See the 'Choosing a Guaranteed Income account' section on pages 8 to 11 for more information.

Competitive fee structure

We have a competitive fee structure. For more information on the fee structure and other costs affecting your super, see pages 17 to 21.

Helpful communications

As a Guaranteed Income member, you will receive:

- an annual indexation review letter advising you of your new regular income payment amounts, if you choose an indexation option
- an Annual Statement which provides you with details of your account, and
- an online Annual Report that keeps you up-to-date with our latest news.

MERGING TOWARDS A BETTER FUTURE FOR MEMBERS – VICSUPER AND FIRST STATE SUPER



On 30 June 2020, VicSuper merged with First State Super forming one of Australia's largest super funds. Together we manage more than \$120 billion in savings for more than 1 million Australians. VicSuper chose to merge with First State Super because of our strong alignment in both membership and values. Like VicSuper, First State Super is a profit-to-member fund with a core objective to help their members get the best possible outcome for their future, and a commitment to responsible ownership when it comes to investing their members' money.

The merger gives us an opportunity to continue to provide members with the best possible benefits long into the future. Our greater size and scale will allow us to provide significant benefits to members such as increased investment opportunities and greater scope to improve products and services.

Guaranteed Income accounts at a glance

	Guaranteed Income for Life	Guaranteed Fixed Term Income
Type of product	Non-account based pension	Non-account based pension
Who can join?	You need to be aged 60 or over and have access to an unrestricted non-preserved super benefit of at least \$10,000. You must be either an Australian citizen or a permanent resident of Australia.	You need to be aged 60 or over and have access to an unrestricted non-preserved super benefit of at least \$10,000. You must be either an Australian citizen or a permanent resident of Australia.
What is the minimum investment amount?	\$10,000	\$10,000
What is the maximum investment amount?	There is a government imposed cap on retirement savings you can transfer into your retirement account/s without incurring additional tax. The cap for the 2020/21 year is \$1.6m.	There is a government imposed cap on retirement savings you can transfer into your retirement account/s without incurring additional tax. The cap for the 2020/21 year is \$1.6m.
How long will a Guaranteed Income account last?	Your lifetime or the lifetime of you and your reversionary.	1 to 40 years – depending on the term you select (see pages 10 and 16).
Can I make partial withdrawals?	No	No
Can I make full withdrawals?	Yes, within your withdrawal period (see pages 15 and 16).	Yes, until the end of the investment term (see pages 15 and 16).
How is the withdrawal period calculated?	Your withdrawal period is determined when you open your account and is based on your life expectancy (see page 30).	1 to 40 years – depending on the term you select (see pages 10 and 16).
How is my income amount calculated?	Your regular income amount is determined at the time you invest in your account. It will depend on the initial investment, prevailing interest rates, the account options you choose and your life expectancy (and the life expectancy of any reversionary life insured) at the time you invest in the account. See pages 8 to 11 for details.	Your regular income amount is determined at the time you invest in your account. It will depend on the initial investment, prevailing interest rates, the account options you choose, and the investment term selected. See pages 8 to 11 for details.
Will my capital be repaid to me?	Capital (your initial investment) is repaid to you as part of each of your regular income payments.	You can choose to have all of your capital repaid to you at the end of the investment term. Alternatively, you can choose to have some or all of your capital repaid to you as regular payments throughout the investment term.
Are income payments indexed by CPI?	Yes. See pages 8 and 9 for options.	Yes. See pages 10 and 11 for options.
What is the frequency of income payments?	Monthly	You can choose to be paid monthly, quarterly, half-yearly or yearly. See page 10 for exceptions.
Can I make additional investments?	Once your account is open you cannot make additional contributions into it. You can open a second account (minimums apply).	Once your account is open you cannot make additional contributions into it. You can open a second account (minimums apply).
Is my account assessed under Centrelink asset and income tests?	Yes. See page 27 for details.	Yes. See page 27 for details.
Are my income payments tax-free?	Yes, as well as lump sum withdrawals. See page 26 for details.	Yes, as well as lump sum withdrawals. See page 26 for details.
Can I elect a reversionary to continue receiving the income payments if I die?	Yes, but you can only nominate your spouse.	Yes, but you can only nominate your spouse.
Can I make a binding or non-binding death benefit nomination?	Yes, you can make either type of nomination.	Yes, you can make either type of nomination.
Is a death benefit payable if I die?	Yes, payable within the withdrawal period.	Yes, payable for the term of the account.

What are the benefits?

A Guaranteed Income account allows you to take advantage of the tax benefits of super while providing you with the security of a guaranteed, regular income.

Guaranteed dependable income

You are guaranteed¹ to receive regular income payments from your account until the end of your nominated investment term or, if selected, for the rest of your life.

You also have the option to nominate your spouse as a reversionary beneficiary. This means upon your death, the regular payments will continue to be paid to your spouse. See page 23 for more information about reversionary nominations.

The amount of the regular income payments is determined at the time you invest in the account and will depend on the initial investment amount, prevailing interest rates and the options you choose.

See 'Choosing a Guaranteed Income account' on pages 8 to 11 for details.

Protection against inflation

You can help protect the purchasing power of regular income payments by choosing to index your income payments each year. See pages 8, 9 and 11 for more information on payment indexation.

Protection against market movements

A Guaranteed Income account provides you with the comfort of knowing that you will receive regular income payments for your selected term or, if selected, for your lifetime, regardless of how investment markets perform. You will not bear any market risk in relation to how your capital is invested. The market risk is borne entirely by Challenger Life, as it guarantees to make regular payments, irrespective of market performance. See 'Who provides the guarantee?' on page 22 for details.

Access to your money

If your circumstances change or if you simply change your mind within the withdrawal period or investment term, the account has a withdrawal value, which we will pay to you as a lump sum. It is important to note that you may receive back an amount less than your initial capital investment, even after taking into account the payments that have been made, or an amount less than what you may have received had you held the investment for your lifetime or the investment term (whichever is applicable). Once you are paid the withdrawal value, you will have no further rights to be paid any benefits (such as income payments) under the product. See 'Access to your money' on pages 15 and 16 for details.

Competitive rates

Guaranteed Income accounts are based on competitive rates to determine the dollar amount of your income payments.

The dollar amount will depend on prevailing market conditions (such as interest rates at the time you invest in the account) and will also be influenced by the options you choose. Some options can give you higher or lower income payments. See 'Choosing a Guaranteed Income account' on pages 8 to 11 for details.

Death benefits

You have the option to elect a reversionary. If elected, a reversionary will continue to receive regular income from the account upon your death, up to either the end of your fixed term or for the life of your reversionary (whichever is applicable). If you don't elect a reversionary and you die within your withdrawal period or investment term, we will pay any remaining benefits in accordance with your death benefit nomination. See 'How will your death benefits will be paid?' on page 25 for details.

Tax benefits

Regular income payments and lump sum withdrawals you receive from your Guaranteed Income accounts are tax-free. Death benefits are taxed differently. See page 26 for details.

Centrelink and your Guaranteed Income account

Thousands of Australians supplement their retirement income with Centrelink entitlements.

Your eligibility for the Age Pension is based on Centrelink's Assets Test and Income Test, both of which may be affected by your Guaranteed Income account.

Your Guaranteed Income account may receive a deduction amount, which is considered for social security purposes to represent the return of capital and reduces the assessable asset value and assessable income.

For more information on the treatment of your retirement income for Centrelink purposes, see 'Centrelink entitlements' on page 27.

1. Please refer to the 'What are the risks' section on page 7 for further details about the guarantee.

What are the risks?

All investments carry some risk. The appropriate level of risk for you will depend on factors such as your age, financial goals, investment timeframe, where other parts of your wealth are invested, and your risk tolerance. Listed below are the key risks that you should take into account when deciding whether to open a Guaranteed Income account.

Withdrawal risk

The risk that if the account is withdrawn (voluntarily or on death), the amount paid is less than the amount that was invested or less than what you may have received had you held the investment for your lifetime or the investment term (whichever applies).

The withdrawal value of your account will vary over time because it depends on how long you've held the account and the prevailing rates at that time. Once a withdrawal amount is paid the income stream payments cease to be payable.

See 'Access to your money' on pages 15 to 16 and 'How will your death benefits be paid?' on page 25.

You cannot withdraw from your account (and no lump sum withdrawal amount is payable on death) after the end of the withdrawal period.

Counterparty risk (including limitation of the guarantee)

The risk that Challenger Life becomes unable to meet its commitment to us in making all guaranteed payments in respect of Guaranteed Income accounts. However, Challenger Life is subject to detailed legislative and regulatory requirements designed to ensure this does not occur. Challenger Life is regulated under the *Life Insurance Act 1995* (Life Insurance Act) (which governs the provision of these products in Australia) and the prudential standards made under it, which prescribe minimum capital and solvency requirements, for Challenger Life as well as for the policies it guarantees or underwrites.

The Australian Prudential Regulation Authority (APRA) supervises Challenger Life's compliance with these requirements which are designed to ensure that they are able to meet their obligations to investors. For example, Challenger Life is required to hold enough capital to withstand a 1 in 200-year shock event.

Even so, unforeseen and extreme circumstances, that might impact Challenger Life's ability to meet its financial commitment to you, could occur and can never be completely ruled out. As trustee, we have a commitment from Challenger Life under the Policy to pay the termination value of existing interests in the event that the Policy is terminated. Any monies recovered under this commitment in respect of a member will be transferred to a new interest within the Fund.

We do not provide any guarantee in respect of the accounts. We will only pay you your income payments or withdrawal value or any other benefits under this product to the extent that we receive these benefits from Challenger Life.

See 'Who provides the guarantee?' on page 22 for details.

Inflation risk

The risk that the purchasing power of your regular payments or capital reduce over time due to inflation.

To help manage inflation risk, we offer the option of indexing your regular payments each year fully or partially in line with changes in the CPI.

Choosing a full or partial indexation option will generally reduce the amount of your initial regular payments, but they will increase during times of high inflation.

See 'Indexation' on page 8, 9 and 11 for details.

Market risk

The risk that changes in the value of investment markets affect the value of the Fund's investments.

Where you have selected a Guaranteed Fixed Term Income account, your earning rate is guaranteed for the Guaranteed Earning Rate Period.

This means that you may not be able to benefit from any favourable market movements that occur during the term of your selected investment term. However, you will also not be affected by any unfavourable market movements because your earning rate is guaranteed.

Longevity risk

The risk that you may outlive your retirement savings. For example if you plan to live on your retirement savings only to your estimated life expectancy, you take on the risk that you will live longer and run out of funds. This means that you may live for several years of retirement surviving on a more modest income.

Guaranteed Income for Life provides you with regular income payments for your lifetime to help manage this risk.

Choosing a Guaranteed Income account

A Guaranteed Income account offers a number of options so you can tailor it to meet your needs. Your regular payments will depend on the account options you choose when you open your account. You can choose from two accounts: Guaranteed Income for Life or Guaranteed Fixed Term Income.

Guaranteed Income for Life

A Guaranteed Income for Life account is designed for retirees who:

- want to receive a regular income stream that is guaranteed¹ to last their lifetime, and if selected, the lifetime of their reversionary,
- want the option to maintain access to a part of their capital for a set period of time.

You must be at least 60 years of age and you must have unrestricted non-preserved super benefits of at least \$10,000.

What are 'unrestricted non-preserved' super benefits?

Your super will be classified as unrestricted non-preserved if one of the following applies:

- you have reached your preservation age and have permanently retired from the workforce eg you have a present intention to never become gainfully employed for 10 hours or more per week
- after reaching age 60 you cease an employment arrangement with an employer
- you have reached age 65
- you are permanently incapacitated (although to open a Guaranteed Income account you must be aged 60 or over).

Who should consider a Guaranteed Income for Life account?

If any of the statements below apply to you, it may be worth considering a Guaranteed Income for Life account:

- I would like a regular cash flow for life.
- I would like income that is protected against market volatility and inflation.
- I would like to receive a convenient and tax effective income stream in retirement.

How much to invest

The balance of your Guaranteed Income account will be subject to the transfer balance cap. The transfer balance cap applies to the amount of super you can transfer into your retirement account/s without incurring additional tax. For the 2020/21 financial year the cap is \$1.6 million. See 'Transfer balance cap' on page 26.

Account options

There are a number of account options available to help you tailor the income to meet your needs. The level of income from your account is confirmed when the account is opened and will depend on the options chosen.

Once you choose your options at the time of application, they cannot be changed (other than the cancellation of a reversionary beneficiary).

Withdrawal period

When you invest in your account, it has a withdrawal period based on your life expectancy.² See 'Calculating the withdrawal value' on page 15 for further details.

During the withdrawal period:

- you can choose to close your account in return for a lump sum payment or roll over the withdrawal value within the super system (see page 15);
- if you die and there is no surviving reversionary, a lump sum is payable to your dependants (see page 25).

Nominating a beneficiary

You can nominate a beneficiary or beneficiaries to receive any remaining benefits of your account if you die.

You can:

- nominate a reversionary (must be your spouse and can only be elected at the time you apply for the account), or
- make a binding death benefit nomination, or
- make a non-binding death benefit nomination.

See 'What happens to your money on your death?' on pages 23 and 24 for details.

Indexation

You can choose to have your regular income payments adjusted annually in line with movements in the CPI.³ The adjustment occurs after each anniversary of the start of the account. You can choose full indexation or partial indexation and can also choose to have no indexation. If you do not make a choice, the default is partial indexation.

Full indexation

This option enables you to have your regular income payments indexed annually in line with the CPI. The change will be applied to the first payment after each anniversary of the start of your account, and the regular income payments for the year that follows will be made at the indexed level. If the CPI increases, your regular income payments will also increase by that proportion.

However, if the CPI decreases in any particular year, your regular income payments will also decrease.

1. For more information about the guarantee, see 'What are the risks' section on page 7.

2. Calculated in accordance with the 2015-17 Australian Life Tables, rounded down to whole years then multiplied by 365 days. This may be different to what Challenger Life estimates your life expectancy to be.

3. The CPI is the weighted average of the Eight Capital Cities Index, as published by the Australian Statistician, to provide a general measure of price inflation for all Australian households. We reserve the right to adjust the index used if there is a change in law which results in a material change to the CPI or its use. The index used to calculate the CPI can be changed at any time. CPI is only a proxy for inflation and does not exactly match actual price or wage inflation in the economy. To determine the increase in the CPI to apply to your regular payments, we calculate the difference in the CPI between the second-last complete quarter before the day on which the indexation is to apply and either the CPI for the same quarter of the immediately preceding year or the CPI used for the previous increase, and express this as a percentage.

Partial indexation

This option enables you to have your regular income payments increased annually in line with any increase in the CPI to the extent that is greater than 2% and decreased annually in line with any decreases in the CPI. If the CPI increases but the increase is less than 2%, your regular income payments will not change. If the CPI decreases, the full amount of the decrease will apply. If the CPI increases by more than 2%, your regular income payments will increase by the increase in the CPI, less 2%.

Any change will be applied to the first payment after each anniversary of the start of your account, and the regular

income payments for the year that follows will be made at the indexed level.

Although your regular income payments will not increase during periods of low inflation (eg less than 2%), and will decrease during periods of deflation, this option will provide some protection in periods of high inflation.

Choosing this option will generally mean that you will receive higher initial regular income payments, when compared to an account with full indexation, and lower initial regular income payments than an account with no indexation. It is not possible to predict how your future payments might compare, as it is not possible to predict changes in the CPI.

No indexation

This option fixes the dollar amount of your regular income payments. By choosing this option, the regular income payments will not change from year to year.

Choosing this option will generally mean that you will receive higher initial regular income payments when compared to an account with full or partial indexation.

However, because the regular income payments will not be adjusted, it means that, in periods of inflation, the purchasing power of your regular income payments will reduce, and your future regular income payments could be lower than if you had chosen full or partial indexation.

How indexation works

The example below is based on a Guaranteed Income for Life account with monthly income payments of \$1,000. It shows the potential impact of full, partial or no indexation on an account. It also shows how payments would change, with CPI changes, depending on the indexation option chosen. The process occurs annually throughout the life of the account, and the indexation is applied to the dollar amount of the regular income payments as at the anniversary date.

	CPI increases by 1%	CPI decreases by 1%	CPI increases by 2.5%	CPI decreases by 2.5%
Full indexation	On the first anniversary of your account, the monthly income payments would increase to \$1,010 (an increase of 1%) effective from the 13th monthly income payment. We will then make monthly income payments of \$1,010 throughout the second year of your account.	On the first anniversary of your account, the monthly income payments would decrease to \$990 (a decrease of 1%) effective from the 13th monthly income payment. We will then make monthly income payments of \$990 throughout the second year of your account.	On the first anniversary of your account, the monthly income payments would increase to \$1,025 (an increase of 2.5%) effective from the 13th monthly income payment. We will then make monthly income payments of \$1,025 throughout the second year of your account.	On the first anniversary of your account, the monthly income payments would decrease to \$975 (a decrease of 2.5%) effective from the 13th monthly income payment. We will then make monthly income payments of \$975.00 throughout the second year of your account.
Partial indexation	As below.	As above.	On the first anniversary of your account, the monthly income payments would increase to \$1,005 (an increase of 0.5%, which is the increase in CPI above 2%) effective from the 13th monthly income payment. We will then make monthly income payments of \$1,005 throughout the second year of your account.	As above.
No indexation	The monthly income payments continue to be \$1,000 and would not be adjusted.			

B Features and benefits

Guaranteed Income

Guaranteed Fixed Term Income

Guaranteed Fixed Term Income accounts are designed for retirees who wish to receive a regular income for a chosen investment term.

You must be 60 years of age or over and you must have unrestricted non-preserved super benefits (see 'What are unrestricted non-preserved super benefits' on page 8) of at least \$10,000.

Who should consider a Guaranteed Fixed Term Income account?

If any of the statements below apply to you, it may be worth considering a Guaranteed Fixed Term Income account:

- I would like a regular cash flow that is guaranteed¹ for a chosen investment term.
- I would like income that is protected against share market volatility and inflation.
- I would like to receive a convenient, tax effective income stream in retirement.

How much to invest

The balance of your Guaranteed Income account will be subject to the transfer balance cap. The transfer balance cap applies to the amount of super you can transfer into your retirement account/s without incurring additional tax.

For more information, see 'Transfer balance cap' on page 26.

Account options

There are a number of account options available, which are explained below, so you can tailor the income to meet your needs. The level of income from your account is confirmed when the account is opened and will depend on the options chosen. You must choose your options when you apply for the account as they cannot be changed once the account has been opened other than the cancellation of a reversionary beneficiary.

Investment term

You can choose to receive regular income payments over a term of between 1 and 40 years, inclusive (in whole years), subject to being able to meet minimum payment requirements for the year. If you choose an account with no residual capital value, the maximum term is the number of whole years until you reach age 100. You can withdraw fully before the end of the investment term however you cannot make a partial withdrawal.

Payment frequency

You can choose to have your regular income payments paid monthly, quarterly, half-yearly or yearly. An account with a term of one year must have income payments made monthly, quarterly or half-yearly.

Your regular income payments are made to your nominated bank account at the end of each payment period. If you do not make a selection, the default payment frequency is monthly. Monthly payments will commence one month after the date the account was opened, and will occur monthly from then on.

Capital repayment

The money you use to open the account can be repaid to you:

- throughout the investment term as part of your regular income payments;
- at the end of the investment term; or
- a combination of both.

When you apply to invest, you choose between 0% and 100% of your initial investment that you wish to receive at the end of the term. This is known as the residual capital value (RCV).

If you choose RCV100, all of your initial investment will be repaid at the end of the term. If you choose RCV0, all your initial investment will be repaid to you during the investment term (and none at the end). Because of this, an RCV0 account will give you higher regular income payments but no capital at the end of the term, while an RCV100 account will give you lower regular income payments but all your capital returned at the end.

You can choose a combination of both capital repayment methods and your regular income payments will adjust accordingly. For example, if you invest \$10,000 and choose to receive 90% of your capital back at the end of the term (RCV90), you will receive a capital repayment at the end of the term of \$9,000. Throughout the term you will have received the other \$1,000 of your initial capital as part of your regular income payments (the precise amount of capital per payment will depend on the investment term and the payment frequency).

In a low interest rate environment it may not be possible to choose an RCV of 100% as you may be required to choose a lower percentage in order for your account to meet the Government's minimum payment standards. For more information on the Government's minimum payment requirements, refer to page 12.

1. See 'What are the risks' on page 7 for further details about the guarantee.

Indexation

If you choose to have all of your capital repaid throughout the investment term (RCVO), and the term is at least two years, you can choose to have your regular income payments indexed annually.

The increase can either be in line with increases in the CPI or by a fixed percentage between 1% and 5%.

The increase will be applied to the first payment after each anniversary of the start of the account and applies to the dollar amount of the regular income payments as at the anniversary date.

If you choose to index in line with CPI and the change in the CPI is negative, then your regular income payments will not reduce, however the next time there is an increase in the CPI, the income payment will only increase to the extent that the CPI increase exceeds the previous decreases in the CPI which did not reduce the income payments.

If you choose fixed indexation, your regular income payments will be increased by your chosen percentage, each year.

If you do not choose indexation, your regular income payments will not be adjusted, which means that in periods of inflation, the purchasing power of your regular income payments will reduce, and your future regular income payments could be lower than if you had chosen indexation.

By choosing indexation, your initial regular income payments will be lower than if you start an account without indexation; however, the income payments should increase over time.

Indexation example

If you are receiving monthly income payments of \$1,000 and you have chosen 3% indexation, then on the first payment after the first anniversary of the start of the account your monthly income payments would increase to \$1,030 (an increase of 3%), effective from the 13th monthly income payment. We will then make monthly income payments of \$1,030 throughout the second year of your account. On the 2nd anniversary your monthly income payments would increase to \$1,060.90 (a further 3% increase) throughout the third year of your account.

This process occurs annually over the term of the account and the indexation is applied to the dollar amount of the regular income payments as at the anniversary date.

Nominating a beneficiary

You can nominate a beneficiary or beneficiaries to receive the remaining benefits of your account if you die during the investment term. You can:

- nominate a reversionary (must be your spouse and can only be elected at the time you apply for the account), or
- make a binding death benefit nomination, or
- make a non-binding death benefit nomination.

For more information, refer to 'What happens to your money on your death?' on pages 23 and 24.

Opening a Guaranteed Income account

Opening an account

You must be aged 60 or over and use 'unrestricted non-preserved' money held in a VicSuper product.

If you hold a term deposit in that VicSuper product you must wait until the term finishes (or terminate the term deposit early – subject to our approval and any early termination interest adjustment) to use those funds to open your Guaranteed Income account.

Your account will generally be opened within three to six business days of receipt of a completed application and relevant monies.

You are not able to use Employment Termination Payments to open your account.

Contributing to your super

You cannot make additional contributions once your account has been opened but you can open a new account on separate terms. You may therefore like to consider combining all your super before opening an account. You can do this through an accumulation product, such as VicSuper FutureSaver.

A PDS for VicSuper FutureSaver can be obtained by calling our Member Centre on **1300 366 216**. You should consider the PDS in deciding whether to obtain or continue to hold a VicSuper FutureSaver account.

Choosing your options

Guaranteed Income accounts offer a number of options that you must choose at commencement. See pages 8 to 11 for the options available.

Your account cannot commence until you have chosen your options.

You can select these options when you get a quote from your financial planner.

Once the account has commenced, you cannot change your account options.

Payment minimums

Minimum payment requirements do not apply to a **Guaranteed Income for Life** account.

The payments you receive from your **Guaranteed Fixed Term Income** account must meet the Government's minimum payment requirements, as set out in the following table. The minimum amount is calculated as a percentage of your initial investment amount.¹

Age at commencement or 1 July each year	% of the initial investment amount
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 and over	14%

If you invest in a Guaranteed Fixed Term Income account with **no residual capital value**, the minimum payment requirements only need to be met in the first year of payments.

If you invest in a Guaranteed Fixed Term Income account with **a residual capital value**, the minimum payment requirements must be met in each year of payment. In some circumstances you may be required to reduce the chosen investment term and/or residual capital value to meet the requirement.

The regular payments shown on the quote provided by your financial planner will meet these minimum payment requirements.

If you request a full withdrawal, government legislation may require a minimum regular income payment to be paid to you. Your minimum payment is based on the scheduled payment apportioned for the number of days the income was payable. The withdrawal value will take into account any minimum payment that may be required.

How income payments are made

Your income payments will be paid directly into your nominated Australian bank, building society or credit co-op account. This account must be held either solely in your name or jointly in your name.

Payment frequency

Guaranteed Income for Life income payments are paid monthly.

For Guaranteed Fixed Term Income, you can choose monthly, quarterly, half yearly or yearly payments. If you have selected a one year term income payments can be made monthly, quarterly or half-yearly.

Your regular income payments are made to your nominated bank account at the end of each payment period. If you do not make a selection, the default payment frequency is monthly.

Your payment will be in your bank account between one and three business days after each payment has been made (depending on your financial institution's processing times).

Monthly payments will commence one month from the date the account was opened, and be made on a monthly basis from then on.

1. Please note that the recent changes to the law in relation to reducing minimum drawdown requirements do not apply to either of the Guaranteed Income products.

Choosing your beneficiary

There are three options for choosing your beneficiary in the event of death.

You can elect a reversionary or make a binding death benefit nomination or non-binding death benefit nomination.

If you would like to elect a reversionary, you must do so when you apply for your account.

If you do not elect a reversionary or make a binding death benefit nomination, your death benefit will be distributed according to Trustee discretion.

See 'What happens to your money on your death?' and 'How will your death benefits be paid?' sections on pages 23 to 25 for more information regarding death benefit options.

Nominate a family member

You can nominate a family member (eg your spouse) to make enquiries or obtain information about your account. Your nominated family member will not be able to change your details.

They can make enquiries about things such as your contact details, payment amounts and your account withdrawal value.

You can nominate a representative in writing or upon application.

Cooling off

When you open a Guaranteed Income account you have a 14-day cooling-off period. This period commences when a welcome letter is sent to you or (if earlier) on the fifth day after the account is opened. During this time you can close your account and have your initial capital investment repaid. You cannot exercise your cooling-off right after you have exercised a right or power under the product, such as after you have received an income payment.

To be able to open a Guaranteed Income account you must be one of the following:

- an Australian citizen, or
- a permanent resident of Australia.

SPEAK TO A FINANCIAL PLANNER



This information can be used as a general guide, but does not take into account your personal circumstances. You should consider your own circumstances before making decisions. Due to the complex nature of some of the information and decisions surrounding retirement incomes, the Guaranteed Income products are only available through one of our financial planners. Call us on **(03) 9667 9200** to arrange an appointment.

B Features and benefits

Guaranteed Income

Your application checklist

Due to the complexity of this offer, and that any decision you make now could last the rest of your life, you will need to see one of our financial planners before you open a Guaranteed Income account.

Follow the steps below to set up your Guaranteed Income account.

<input type="checkbox"/> Step 1 Read this publication	Read this PDS and arrange an appointment to discuss your account options with a financial planner.
<input type="checkbox"/> Step 2 Speak to a financial planner	One of our financial planners can discuss your account options with you. Your planner will review your situation and if appropriate, prepare a Statement of Advice recommending a Guaranteed Income account as part of a tailored retirement income solution for you. If you would like to speak to one of our planners, you can make an appointment by visiting vicsuper.com.au/advice or by calling (03) 9667 9200 .
<input type="checkbox"/> Step 3 Consider the recommendation given	Read your Statement of Advice and this PDS and ensure you understand the recommendations and reasons for them. If you have any questions, contact your financial planner to discuss.
<input type="checkbox"/> Step 4 Wish to proceed?	If you wish to proceed, you will need to meet with your planner again to complete the application process. This is the implementation meeting. To book an implementation meeting with your financial planner, you can visit vicsuper.com.au/advice or call us on (03) 9667 9200 .
<input type="checkbox"/> Step 5 What to bring to the meeting	By law, we are required to collect member proof of identity and to verify it. This means for your implementation meeting, you will need to bring suitable identification documents with you to accompany your application. For information on the proof of identity documents you need to provide, visit vicsuper.com.au/idproof You will also need to provide details of where the money to open your account is coming from.
<input type="checkbox"/> Step 6 Complete the application process with your planner	In the implementation meeting, your financial planner will provide you with an up-to-date quote for your Guaranteed Income account. If you wish to proceed, they will prepare an application for you. When the application is completed, you must read and sign it and your financial planner will lodge the application.
<input type="checkbox"/> Step 7 Opening your account	We will open your account once we process and approve the application. An application will generally be processed within 3-6 business days of receipt of the application. The quotes provided are only valid for 14 days (if you have a birthday within this 14 day period, the quote will change on your birthday). If we receive your application less than six days before the expiry of the quote, we may not be able to process your application according to the rate in the quote.
<input type="checkbox"/> Step 8 Payments commence	Once your application is accepted, we will send you a welcome pack. Your regular income payments will commence at the end of your first payment period. Monthly payments will commence one month from the date your account was opened and be made on a monthly basis from then on. See page 13 for more information.

NEED ASSISTANCE OR ADVICE?

If you have any questions about the joining process, call our Member Centre on **1300 366 216** or your financial planner to discuss.



Managing your Guaranteed Income account

Information you will receive about your account

Welcome pack

When you open your Guaranteed Income account, you will be sent an Account Schedule, which sets out your account details. We will also send you a Centrelink Schedule for social security purposes. You should read these documents carefully and contact one of our financial planners or our Member Centre on **1300 366 216** if you have any questions.

While we take all care in producing your Account Schedule and other investment documentation, we reserve the right to correct the documentation if we make an administrative error.

Annual Benefit Statement

Each year you will receive an Annual Benefit Statement with details of your account, including payments made over the period and other relevant information.

Continuity certificates (Guaranteed Income for Life accounts only)

Before the end of your withdrawal period and every six months thereafter, we will send you and your reversionary beneficiary (if applicable) a continuity certificate to complete.

This is used as evidence of your survival and allows your payments to continue.

It is important that the continuity certificate is returned to us within 30 days of it being sent to you. If we don't have evidence of your survival, we reserve the right to discontinue any regular income payments and/or close the account.

Making changes to your account

You cannot make any changes to your account options in a Guaranteed Income for Life or Guaranteed Fixed Term Income account once it has been opened, although you can change your binding or non-binding death benefit nomination.

You cannot make additional deposits to your account, but you can open a new account on separate terms. It is also not possible to switch between Guaranteed Income accounts.

You can make changes to the personal information that we hold about you and to the bank account into which your payments will be made.

Keeping us informed

It is important that we have the correct details for you and any reversionary so we can communicate with you and provide you with important information.

If your bank account details change, please let us know as soon as possible so we can ensure your payments are made to the correct account.

To update your details, contact your financial planner or call us on **1300 366 216**.

Access to your money

Requesting voluntary withdrawals

Only full (not partial) withdrawals can be made within the relevant withdrawal period or investment term and the account will then be closed.

If you want to withdraw, contact your financial planner or our Member Centre on **1300 366 216** for your withdrawal value.

If requested, we will send you a letter with your withdrawal value as at the date of that request, along with a withdrawal form for you to complete and return to us. On this form you can instruct us to roll over the withdrawal value (reduced by any final minimum income payment that we must make under superannuation legislation) to your other account in the Fund, a new Guaranteed Income account, another super product, or to pay it to your nominated bank account.

If you are withdrawing from your Guaranteed Income for Life account, we must receive this withdrawal request documentation no later than five business days prior to the last day of the withdrawal period.

The withdrawal value on the day we make the payment may vary from the withdrawal value stated in the letter we send you.

Guaranteed Income for Life

Withdrawal value

The account has a withdrawal value for the duration of the withdrawal period.

The withdrawal value is payable as a lump sum if during this period you:

- choose to close your account early;
- die without a reversionary; or
- die and your reversionary also dies.

After the end of the withdrawal period the account does not have a withdrawal value.

Calculating the withdrawal value

Your withdrawal value will reduce over the withdrawal period. At the start of the account the withdrawal value is equal to your initial investment. It will then reduce over the withdrawal period generally in a linear manner until it reaches zero at the end of the withdrawal period. The calculation of the withdrawal value is dependent on movements in interest rates between the time you open the account and the time the withdrawal is processed. As the withdrawal value is impacted by changing rates, it is only possible to determine the withdrawal value at the time of withdrawal.

The death benefit payable during the withdrawal period is equal to 100% of the amount invested for the first half of the withdrawal period rounded down to the nearest whole number. For the remainder of the withdrawal period your withdrawal value is equal to the maximum voluntary withdrawal value.

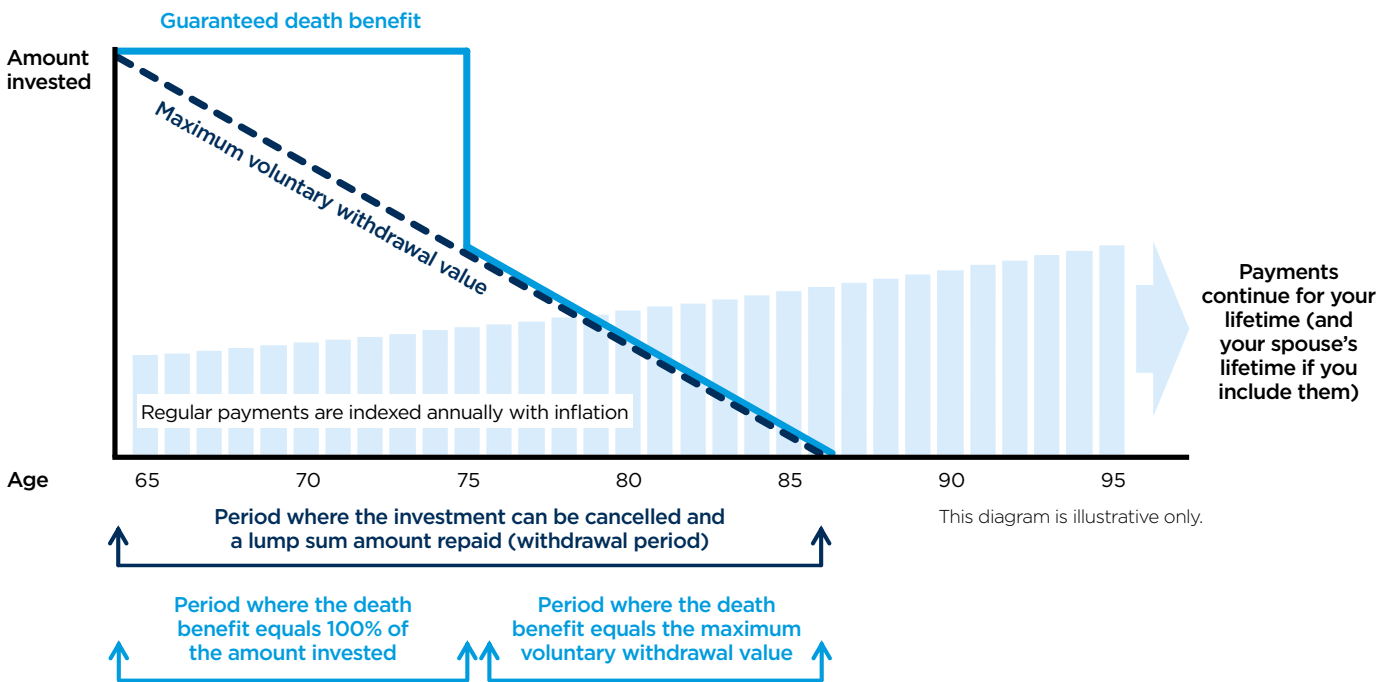
The diagram on the following page shows a visual example of the withdrawal value for a 65 year old female. For a personalised example, speak to one of our financial planners.

See page 31 for more withdrawal value illustrations.

B Features and benefits

Guaranteed Income

Example based on a 65 year old female



Guaranteed Fixed Term Income

Withdrawal value and capital repayment

Guaranteed Fixed Term Income accounts are designed to be held for the term you choose; however, you can fully withdraw prior to the end of the investment term.

The withdrawal value is the value of future projected payments remaining for the entire investment term, considering indexation, and discounted to reflect that the payments will be made prior to the scheduled payment dates (the 'present value'). The discount rate will vary depending on the actual changes in the CPI and the actual movement in interest rates (relevant Government bond rates) between the time of your investment and the time of your withdrawal.

Withdrawal requests will generally be processed within five business days from the date we receive all the necessary paperwork.

Calculating the voluntary withdrawal value

To calculate the voluntary withdrawal value, we will work out the present value of all the payments (including any residual capital value) that you would have received from the date of calculation to the end of the investment term. The calculation is as follows:

1. We calculate the present value of your RCV to reflect the fact that the payment will be made earlier than the maturity date.

2. We calculate the present value of each of the future regular income payments you would have received during the remainder of the investment term (to reflect their early payment).
3. Then we add together the present value of your RCV and all future regular income payments (as calculated in steps 1 and 2).

The combined total in step 3 is your withdrawal value.

The withdrawal value may be less than what you invested, even after taking into account payments you have already received. The calculation method of the present value is impacted by changing rates, which means it is only possible to determine the withdrawal value at the time of withdrawal.

If your account has a residual capital value, the lump sum payable on your death may be greater than your voluntary withdrawal value. This is because the value of your account will generally be calculated more favourably in recognition that the withdrawal was not a voluntary withdrawal. If your account has no residual capital value, the lump sum payable on your death will be equal to the voluntary withdrawal value.

See pages 32 and 33 for voluntary withdrawal illustrations.

What happens at the end of a fixed term?

The last day of your Guaranteed Fixed Term Income account is called the maturity date. If you choose not to have any capital repaid at the end of the investment term, your account will end on the maturity date.

If you choose to have some or all of your capital repaid at the end of the term, we will notify you at least 30 days prior to the maturity date. At this time you will be required to choose one of the following:

- commence a new Guaranteed Income account
- roll over your residual capital value to an existing account in the Fund or other super fund account, or
- have your capital repaid to you as a lump sum.

If you choose to commence a new Guaranteed Income account, you must make an appointment to speak with one of our financial planners in order to confirm that the new account is appropriate for your needs/circumstances and to complete the application process.

Fees and other costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.*

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

* This wording is required by law. Our fees and costs are not negotiable. Investment performance does not impact the amount of your income payments.

Fees and other costs

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole. Other fees, such as activity fees and advice fees for personal advice, may also be charged, but these will depend on the nature of the activity or advice chosen by you. Entry fees and exit fees cannot be charged. Taxes are set out in another part of this document. You should read all the information about fees and other costs because it is important to understand their impact on your investment.

Guaranteed Income for Life

Type of fee	Amount	How and when paid
<i>Investment fee</i>	Nil ¹	Not applicable
<i>Administration fee</i>	0.15% pa of initial investment	Included in the calculation of the income payment (not deducted directly from an account of yours or from your income payments)
<i>Buy-sell spread</i>	Nil	Not applicable
<i>Switching fee</i>	Nil	Not applicable
<i>Advice fees</i> Relating to all members investing in the product	Nil	No advice fee is charged for providing general and simple advice limited to your account.
<i>Other fees and costs</i> ²	Comprehensive financial advice	Additional fees may be paid to a financial planner. The fees will depend on the complexity of the advice you are seeking. If you obtain complex financial advice from a planner in our financial planning business, you will be informed of the cost before you proceed. If you are issued with a statement of advice, it will contain details of the fees, which may be deducted from your account when the advice is received (or you may need to pay the fee directly).
<i>Indirect cost ratio</i>	Nil ¹	Not applicable

1. Challenger Life and the Trustee do not impose additional fees or expense recoveries in relation to your account. In setting the amount of regular payments, Challenger Life takes into account various assumptions about longevity and investment returns as well as the cost of providing the product to our members. For more information about how Challenger Life derives income and the guarantee, see 'Who provides the guarantee?' on page 22.

2. For more information, see 'Financial planning' on page 21.

C Fees and other costs

Guaranteed Income

Guaranteed Fixed Term Income

Type of fee	Amount	How and when paid
Investment fee	Nil ¹	Not applicable
Administration fee	<i>RCV100</i> 0.20% pa of initial investment <i>RCV 0-99</i> 0.20% pa of reducing initial investment ²	Included in the calculation of the income payment (not deducted directly from an account of yours or from your income payments)
Buy-sell spread	Nil	Not applicable
Switching fee	Nil	Not applicable
Advice fees Relating to all members investing in the product	Nil	No advice fee is charged for providing general and simple advice limited to your account.
Other fees and costs³	Comprehensive financial advice	Additional fees may be paid to a financial planner. The fees will depend on the complexity of the advice you are seeking. If you obtain complex financial advice from a planner in our financial planning business, you will be informed of the cost before you proceed. If you are issued with a statement of advice, it will contain details of the fees, which may be deducted from your account when the advice is received (or you may need to pay the fee directly)
Indirect cost ratio	Nil ¹	Not applicable

1. Challenger Life and the Trustee do not impose additional fees or expense recoveries in relation to your account. In setting the amount of regular payments, Challenger Life takes into account various assumptions about longevity and investment returns as well as the cost of providing the product to our members. For more information about how Challenger Life derives income and the guarantee, see 'Who provides the guarantee?' on page 22.

2. The initial investment is reduced after each regular income payment by an amount calculated as: initial investment minus any residual capital value, divided by the total number of income payments in the investment term.

3. For more information, see 'Financial planning' on page 21.

Additional explanation of fees and costs

Defined fees

Type of fee or cost	Definition	How it applies to your Guaranteed Income account
Activity fees	<p>A fee is an activity fee if:</p> <p>(a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:</p> <p>(i) that is engaged in at the request, or with the consent, of a member; or</p> <p>(ii) that relates to a member and is required by law; and</p> <p>(b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an advice fee or an insurance fee.</p>	We do not charge activity fees.
Administration fees	<p>An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:</p> <p>(a) Borrowing costs; and</p> <p>(b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee [OR the trustees] of the entity or in an interposed vehicle or derivative financial product; and</p> <p>(c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.</p>	<p>The administration fee applicable to your Guaranteed Income for Life account is:</p> <ul style="list-style-type: none"> • 0.15% pa of your initial investment. <p>The administration fee applicable to your Guaranteed Fixed Term Income product is:</p> <ul style="list-style-type: none"> • 0.20% pa of your initial investment for RCV100 • 0.20% pa of the reducing initial investment¹ for RCV 0-99. <p>For further information see page 21.</p>
Advice fees	<p>A fee is an advice fee if:</p> <p>(a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:</p> <p>(i) a trustee of the entity; or</p> <p>(ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and</p> <p>(b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.</p>	<p>You will only be charged an advice fee if you agree to receive personal financial advice from one of our financial planners. The fees will be discussed and agreed with you at that time.</p> <p>For further information see page 21 under 'Financial planning'.</p>
Buy-sell spreads	<p>A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.</p>	We do not charge buy-sell spreads.
Indirect cost ratio	<p>The indirect cost ratio (ICR), for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option.</p> <p>Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.</p>	The indirect cost ratio applicable to your account is nil.

1. The initial investment is reduced after each regular income payment by an amount calculated as: initial investment minus any residual capital value, divided by the total number of income payments in the investment term.

C Fees and other costs

Guaranteed Income

Type of fee or cost	Definition	How it applies to your Guaranteed Income account
Investment fees	An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes: (a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and (b) costs that relate to the investment of assets of the entity, other than: (i) borrowing costs; and (ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee [OR the trustees] of the entity or in an interposed vehicle or derivative financial product; and (iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.	The investment fee applicable to your account is nil.
Switching fees	A switching fee for a superannuation products other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.	We do not charge a switching fee.

Example of annual fees and costs for Guaranteed Income for Life

This table gives an example of how the fees and costs for the Guaranteed Income for Life account can affect your superannuation investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE - Guaranteed Income for Life		Investment of \$50,000
Investment fees	Nil	For every \$50,000 you have in Guaranteed Income for Life you will be charged \$0 each year
PLUS Administration fees	0.15%	And , you will be charged \$75 in administration fees (included in the calculation of the income payment, not deducted directly from an account of yours or from your income payments)
PLUS Indirect costs for the product	Nil	And , indirect costs of \$0 each year will be deducted from your investment
EQUALS Cost of product		If your investment was \$50,000, then for each year you will be charged fees of \$75 .

Note: * Additional fees may apply. We do not apply buy/sell spreads.

Example of annual fees and costs for Guaranteed Fixed Term Income

This table gives an example of how the fees and costs for the Guaranteed Fixed Term Income account can affect your superannuation investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE - Guaranteed Fixed Term Income		Investment of \$50,000
Investment fees	Nil	For every \$50,000 you have in Guaranteed Fixed Term Income you will be charged \$0 each year
PLUS Administration fees	0.20%	And , you will be charged \$100 in administration fees (included in the calculation of the income payment, not deducted directly from an account of yours or from your income payments)
PLUS Indirect costs for the product	Nil	And , indirect costs of \$0 each year will be deducted from your investment
EQUALS Cost of product		If your investment was \$50,000, then for each year you will be charged fees of \$100 . ¹

Note: * Additional fees may apply. We do not apply buy/sell spreads.

1. The fees for Guaranteed Fixed Term Income are based on your reducing initial investment in the case of RCVO to RCV99 accounts.

Changes to fees

All fees and costs may be revised by us from time to time without your consent. For example, fees and costs may increase when there are changes in superannuation law. We will give you at least 30 days' prior notice if there is an increase in fees and costs or if a new fee or cost is introduced that affects your account.

If there are changes to fees and costs that are not materially adverse, updated information will be available at vicsuper.com.au/forms-and-disclosure or by calling us on **1300 366 216**.

Financial planning

Our members have access to financial advice.¹ The fees charged for personal advice about your super account are detailed below:

Service	Personal advice limited to your interest in your super account
Details	Single issue advice about investment choice, voluntary
Fee	No separate charge. We pay a fee to provide a limited advice service to all members. The cost of providing this service is covered by the administration fees.

If you obtain complex financial advice about your account, the fee for this advice will depend on the scope and complexity of the advice and may be deducted from your account when the advice is received, or you may need to pay for the advice directly. You will be informed of the fee before you proceed. If you are issued with an advice document, it will contain details of the fees. We do not pay any commissions to our financial planners.

Indirect cost ratio (ICR)

The ICR represents the estimated investment-related costs for investing your super. It includes costs in relation to interposed vehicles.

Challenger Life and the Trustee do not impose additional fees or expense recoveries in relation to your account. In setting the amount of regular payments, Challenger Life takes into account various assumptions about longevity and investment returns as well as the cost of providing the product to us and our members. For more information about how Challenger Life derives income and the guarantee, see 'Who provides the guarantee?' on page 22.

Taxes

For more information about tax, see the 'Taxes' section on page 26.

Administration fee

We receive an administration fee of 0.15% per annum on Guaranteed Income for Life accounts. This fee is calculated on the initial investment amount and is factored into the calculation of the income payments.

We receive an administration fee of 0.20% per annum on Guaranteed Fixed Term Income accounts. This fee is calculated on the initial investment amount (where the 100% residual capital amount at maturity option is selected) or on a reducing nominal account balance (where the residual capital amount at maturity of less than 100% is selected). The administration fee is factored into the calculation of the income payments.

Transactional and operational costs and borrowing costs

Transactional and operational costs include certain costs in acquiring and disposing assets such as brokerage, buy-sell spreads, settlement costs, clearing costs and government duties.

Borrowing costs are the costs relating to any credit facility used in implementing an investment strategy.

Transactional and operational costs and borrowing costs (if any) are not borne by our members.

Property operational costs

Property operational costs are transactional and operational costs that relate to the management of real property held within an investment option.

Property operational costs (if any) are not borne by our members.

1. Seek professional financial advice, consider your own circumstances and read this PDS before making a decision about investing in the Guaranteed Income product. Contact us to make an advice appointment. Advice is provided by State Super Financial Services Australia Limited (ABN 86 003 742 756, AFSL 238430) ('StatePlus'), our financial planning business which is wholly owned by us. You should read the StatePlus Financial Services Guide before making a decision. For more information call **(03) 9667 9200**.

Who provides the guarantee?

Your guarantee

Your investment in a Guaranteed Income account is invested in a life policy issued by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (**Challenger Life**), a life insurance company within the Challenger group of companies.

Challenger Life allocates your investment to a fund with money from other Guaranteed Income account members and other investors who have also bought a life policy issued by Challenger Life. Challenger Life adds to this fund from its own money. This is known as a statutory fund and is regulated under the *Life Insurance Act*.

All payments are made from the statutory fund and Challenger Life is required to keep the fund above a minimum level needed to meet its guarantees to all investors, including us. If it falls below this level, Challenger Life can be required to top up the fund with its own money. The Australian Prudential Regulation Authority supervises this requirement and has extensive powers to intervene to ensure that Challenger Life can meet its guarantees even during volatile or adverse movements in the broader financial markets.

If the statutory fund receives additional investment return above the amount necessary to make all guaranteed payments, then Challenger Life can take some surplus income from it as its remuneration for providing benefits under the policy: however, it is only legally permitted to do so after it has made sure that there are sufficient funds to meet the current and future payments for all investors in the statutory fund, which includes us.

Challenger Life will invest the statutory fund, subject to investment restrictions in the *Life Insurance Act*. Generally, the fund will be invested in cash, shares, corporate bonds, convertible notes, debt instruments, geared and ungeared property investments, infrastructure investments and other assets. The investment objectives for the fund include achieving consistent returns on investments, so that the cash flow in from investments matches the cash flow out thereby ensuring that all present and future guaranteed payments can be made to all investors.

The name of Challenger Life's statutory fund that your money will go to when you invest in a Guaranteed Income account is Challenger Life's Statutory Fund No 2.

All references to guarantees refer to payments being guaranteed from the available assets of that statutory fund (which Challenger Life can be required to top up).

Challenger Life takes account of labour standards and environmental, social and ethical considerations in selecting, retaining and realising an investment through its adherence with Challenger Limited policies related to responsible investment.

Challenger Limited is a signatory to the Principles of Responsible Investment (PRI) and aims to be a responsible investor by considering environmental, social and governance (ESG) factors when investing the assets of the statutory fund. In signing up to PRI, Challenger Limited has committed to extending ESG integration activities across its investments, as it recognises that such factors are important factors impacting investment performance over the longer term.

While Challenger Life takes into account ESG considerations when investing the assets of the statutory fund, it does not adhere to any particular set of standards and has no predetermined view as to what constitutes such considerations, or the extent to which they will be taken into account in its investment management practices.

Further details of Challenger Limited's approach to responsible investment are set out in the Responsible Investment Policy available at [challenger.com.au](https://www.challenger.com.au)

The Trustee, as issuer of the Guaranteed Income accounts, does not provide any guarantee in respect of the accounts. In order to pay you your entitlements in respect of a Guaranteed Income account, the Trustee relies wholly on Challenger Life to fund your agreed income amounts, any withdrawal value you request and any residual capital value (for a Guaranteed Fixed Term Income). If, for any reason, Challenger Life is unable to pay these amounts to us, then we will be unable to pay you your regular income payments, withdrawal value or residual capital value. Under no circumstances will we pay your entitlements if Challenger Life is unable to fund these entitlements.

What happens to your money on your death?

A death benefit, if applicable, is paid once we have received all the necessary documentation.

Choosing what happens to your account

If you would like to choose what happens to your account on your death, you can:

- nominate your spouse as your reversionary (which can only be elected at the time you apply for a Guaranteed Income account); or
- make a binding death benefit nomination; or
- make a non-binding death benefit nomination.

If you have not nominated a reversionary or made a binding death benefit nomination any applicable death benefit will be paid in accordance with Trustee discretion.

Trustee discretion

When a member dies, we (as trustee) are responsible for the fair and reasonable distribution of the member's death benefit by allocating the benefit between the member's dependants and/or legal personal representative.

This is done after considering any non-binding death benefit nomination and seeking input from potential beneficiaries, a process which allows us to consider all relevant circumstances at the time of the member's death.

If the nomination of a reversionary or a binding death benefit nomination of a beneficiary is invalid for any reason, Trustee discretion will apply.

Who can I nominate as a beneficiary?

Under current super law and the Fund's Trust Deed, your death benefit may be paid to your dependants (including financial dependants) and/or your legal personal representative.

For super purposes, a dependant is defined as:

- a spouse, which includes another person (whether of the same sex or a different sex), who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple, or another person with whom the person is in a relationship that is registered under a law of a State or Territory
- a child of any age, which includes an adopted child, a step child, an ex-nuptial child or a surrogate child recognised by the court, or a child of the person's spouse
- any other person who is wholly or partially financially dependent on you at the time of your death
- any other person with whom you have an interdependency relationship with at the time of your death.

Two people have an interdependency relationship if:

1. they have a close personal relationship, and
2. they live together, and
3. one or each of them provides the other with financial support, and
4. one or each of them provides the other with domestic support and personal care.

Also, two people (whether or not related by family) have an interdependency relationship if they have a close personal relationship, but do not satisfy points 2, 3 and 4 listed above because either or both of them suffer from a physical, intellectual or psychiatric disability or because they are temporarily living apart.

It should be noted that adult children are dependants for super purposes, but are generally not dependants for tax purposes unless they are financially dependent.

Reversionary nomination

For both Guaranteed Income for Life and Guaranteed Fixed Term Income accounts, you can elect that, on your death, payments continue to be made to your spouse, who is called your 'reversionary'. Regular income payments will continue to be made to your reversionary provided they are your spouse at the time of your death. You can only nominate your spouse as your reversionary.

You must elect your reversionary at the time you apply for the account, and you cannot change that nominated person.

If you nominate a reversionary, you cannot also make a binding or non-binding death benefit nomination.

If the reversionary is not eligible to continue to receive the regular income payments (eg you divorce), your reversionary nomination will no longer be valid and any death benefit will be paid to your dependant(s) and/or your legal personal representative at our discretion unless you make a binding death benefit nomination that is valid at the time of your death. See 'How will your death benefits be paid' on page 25 for more information.

E Death benefits

Guaranteed Income

Binding death benefit nominations

A binding death benefit nomination enables you to decide who will receive your death benefit as a lump sum (provided they are a dependant or a legal personal representative). The definitions of a dependant are described in 'Who can I nominate as a beneficiary?' section on page 23.

We are obliged to pay your death benefit in accordance with a valid binding death benefit nomination to your dependants and/or legal personal representative in the proportions you have determined.

Binding nominations are subject to specific legislative conditions and witnessing formalities, and will lapse if they are not updated every three years.

It is important to update your binding death benefit nomination if there is a significant change to your family circumstances to ensure your nomination continues to reflect your wishes. Significant changes may include the death of a dependant, the birth of a child or the end of a relationship.

We will not accept binding death nominations made under a Power of Attorney.

For a binding death benefit nomination to be valid at the time of your death, ensure:

- you have correctly completed the *Make, amend or cancel a death benefit nomination* form (V830)
- your nominated beneficiary or beneficiaries are dependants (refer to page 23 for the definition of a dependant) and/or your legal personal representative
- your nomination was signed and dated by you in the presence of two witnesses who are age 18 or over and are not nominated as beneficiaries
- your nomination includes a signed and dated declaration by the witnesses which confirms they were present when you signed the form
- the allocation of the death benefit among all beneficiaries is clear. When nominating multiple beneficiaries, only full percentages can be accepted
- your nomination is in effect – this means that you have completed the form correctly and no more than three years have passed since you signed or last confirmed your nomination.

If there is any information on your form that is unclear, we will contact you to confirm the details. An unclear nomination may not be valid.

If your binding death benefit nomination is not valid or ceases to be valid for any reason, your death benefit will be paid to your dependant(s) and/or your legal personal representative in accordance with Trustee discretion.

An invalid nomination may still be an important consideration for us when determining the payment of your death benefit, even though it is not binding.

Nominating your legal personal representative

You can nominate your legal personal representative on the *Make, amend or cancel a death benefit nomination* form (V830).

This means that your death benefit will be paid to your executor if you have a valid will at the date of your death or an administrator if you do not have a will.

How long is my binding death benefit nomination valid for?

Your binding death benefit nomination is valid for three years from the date it is signed by you and your witnesses.

It is your responsibility to keep your binding death benefit nomination valid.

You should also consider any change to your personal circumstances and check that your binding death benefit nomination continues to reflect your wishes.

If you require assistance, call our Member Centre on **1300 366 216**.

Can I change or revoke my binding death benefit nomination?

You can complete a *Make, amend or cancel a death benefit nomination* form (V830) at any time to change or revoke your binding death benefit nomination, providing the form is correctly completed and all the requirements indicated on the form are met.

If you elect a binding death benefit nomination and you wish to change your nomination so it is paid according to Trustee discretion, the binding death nomination must be formally revoked or have lapsed.

If you revoke your binding death benefit nomination, your death benefit will be paid to your dependants or your legal personal representative in accordance with Trustee discretion.

Non-binding death benefit nominations

A non-binding death benefit nomination enables you to nominate a preferred beneficiary or beneficiaries for the payment of your death benefit and is subject to Trustee discretion.

Nominated beneficiaries must be your dependants and/or your legal personal representative.

This nomination does not bind us to pay your death benefits to your preferred beneficiary or beneficiaries, but it will be an important consideration when we determine how to apportion the benefit payable on your death.

To make a non-binding death benefit nomination, complete the *Make, amend or cancel a death benefit nomination* form (V830).

How will your death benefits be paid?

Guaranteed Income for Life

Reversionary election

If you die within the withdrawal period and you have elected a reversionary, regular income payments will continue to be made for their lifetime. If you die and your reversionary receives the regular payments and they die within the withdrawal period, a withdrawal value applies and is payable in accordance with any valid binding death benefit nomination your reversionary makes or, if there is no valid binding death benefit nomination, in the proportion determined by us. If they die after the withdrawal period has ended, no further payments will be made after their date of death.

If you have elected a reversionary, the Australian Taxation Office (ATO) will add a credit (calculated as at just after your date of death) to your reversionary's transfer balance account, 12 months after your date of death.

If the value of the death benefit makes your reversionary's transfer balance account exceed the transfer balance cap, there will be 12 months from the date of your death for your reversionary to reduce their transfer balance account without penalty. See the 'Taxes' section for information in relation to the transfer balance cap.

What happens if no reversionary has been elected?

If you die within the withdrawal period and you have not elected an eligible reversionary, a lump sum is payable to your dependants or legal personal representative in the proportions you have determined in a valid binding death benefit nomination or, if there is no valid binding death benefit nomination, in the proportion determined by us. The lump sum is calculated by the method described on page 15.

If you die after the withdrawal period has ended and you have not elected a reversionary, no further payments will be made after the date of death and there is no death benefit payable.

Guaranteed Fixed Term Income

Reversionary election

If you die within the investment term and have elected a reversionary, regular income payments (and any residual capital value) will continue to be made to them.

If you have elected a reversionary, the ATO will add a credit (calculated as at just after your date of death) to your reversionary's transfer balance account, 12 months after your date of death.

If the value of the death benefit makes your reversionary's transfer balance account exceed the transfer balance cap, there will be 12 months from the date of your death for your reversionary to reduce their transfer balance account without penalty. See the 'Taxes' section for information in relation to the transfer balance account.

Alternatively, they can elect to withdraw the payments as a lump sum.

What happens if no reversionary has been elected?

If you have not elected an eligible reversionary, generally a lump sum is payable to your dependants or legal personal representative in the proportions you have determined in a valid binding death benefit nomination or, if there is no valid binding death benefit nomination, in the proportion determined by us. The lump sum is calculated by the method described on page 16. If you have chosen to have a residual capital value of zero, your death benefit will equal the voluntary withdrawal amount. If, however, you have chosen an RCV greater than zero, your death benefit may be greater than your voluntary withdrawal amount.

Where the death benefit is payable as a lump sum, there will be a period of time between death and payment of the lump sum. Where this occurs, any regular income payments that you would have received during that period (had you been alive) will be suspended, until the withdrawal value is paid. Those suspended payments will form part of the lump sum payment.

If there is one eligible beneficiary, then they may continue to receive the regular income payments (and any residual capital value) provided they are younger than you and they are a dependant for tax purposes. See page 26 for details of tax treatment for dependants.

Regular income payments can only be made to your child if they are:

- under the age of 18;
- between the age of 18 and 24 and financially dependent on you; or
- disabled within the meaning of s8(1) of the *Disability Services Act* 1986.

Where a death benefit is paid to an eligible dependant as a retirement phase income stream, the value of the death benefit will generally be credited to the dependant's transfer balance account.

If they do not meet these conditions, we will pay them the withdrawal value as a lump sum instead. If the regular income payments are being made to your child who then ceases to meet the relevant criteria, the remaining benefits under the account must be withdrawn as a lump sum at that time.

Payment information

The following information applies to both Guaranteed Income for Life and Guaranteed Fixed Term Income.

No part-payments

Part-payment, in respect of the period that has elapsed between the last regular income payment that was guaranteed to be made and the date of death, will not be made. We will include in the calculation of the lump sum death benefit or seek to recover any payments made after the date of death that had not been guaranteed to be made under the terms of the account. It is therefore important that we are notified promptly of a death.

Payment of death benefit

We will only pay the death benefit to the nominated bank account of the beneficiary or estate, or by cheque payable to an eligible beneficiary or estate. We will not make payments to any other third party.

Taxation of death benefits

For information relating to the taxation of death benefits, refer to page 26.

Taxes

A Guaranteed Income account is a tax effective retirement income stream.

All the taxes explained in this section are set by the Commonwealth Government and administered by the Australian Taxation Office (ATO). They only relate to super benefits paid from a taxed source, such as the Fund.

You do not pay any tax on income payments or lump sum withdrawals paid to you. There is also no tax payable on investment earnings. In the event of any changes to taxation law or other applicable regulations, we may be required to adjust payment amounts to comply with the new regulations.

Providing your tax file number (TFN)

Under the *Superannuation Industry (Supervision) Act 1993*, the Trustee is authorised to collect your TFN, which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change.

The Trustee may disclose your TFN to another superannuation fund when your benefits are being transferred, unless you write to the Trustee and request that your TFN not be disclosed to any other superannuation fund.

You are not legally required to provide us with your TFN, however giving your TFN to us will have the following advantages, which may not otherwise apply:

- We will be able to accept all types of contributions to your account or accounts.
- The tax on contributions to your account or accounts will not increase.
- Other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your superannuation benefits.
- And it will make it much easier to trace different superannuation accounts in your name, so that you receive all your superannuation benefits when you retire.

If you do provide your TFN it will be kept confidential by us and the ATO.

Taxation of death benefits

Tax arrangements outlined here relate to death benefits paid from a taxed fund only, such as the Fund.

The tax treatment of a death benefit will differ depending on whether it is being paid to dependants or non-dependants for tax purposes, and whether it is being paid as a lump sum or as an income stream.

Lump sum death benefits paid to a dependant

Lump sum death benefits paid to a dependant for tax purposes will be paid tax-free.

A dependant for this purpose is defined in the 'Who can I nominate as a beneficiary?' section on page 23.

Lump sum death benefits paid to a non-dependant

If your account is paid as a lump sum death benefit to a non-dependant for tax purposes, the lump sum will consist of two components as listed below.

1. A tax-free component

This consists of any post 1 July 2007 non-concessional contributions (this is called the 'contributions segment'). It also includes the following components that were fixed as at 30 June 2007:

- undeducted contributions before 1 July 2007
- pre-July 1983 component
- capital gains tax exempt component
- concessional and post-June 1994 invalidity components.

2. A taxable component

This is simply the total benefit less the tax-free component. Lump sum death benefits paid to non-dependants for tax purposes such as adult children who are not financially dependent will be subject to 15% tax plus applicable levies on the taxed element of the taxable component of the benefit.

A lump sum paid as a result of a member's death will always be treated as a lump sum death benefit.

Lump sum death benefits paid to the estate

Lump sum death benefits may be taxable in the hands of the estate.

If the estate pays benefits to a tax dependant, they are tax free. If the estate pays benefits to a non-dependant for tax purposes such as adult children who are not financially dependent, the taxable component will be subject to 15% tax plus applicable levies.

Death benefits paid as an income

If an income stream is being paid to a tax dependant or reversionary, then no tax will apply if the deceased is age 60 or over at the date of death or the tax dependant or reversionary is age 60 or over when the benefit is received.

For tax related information, contact the Australian Taxation Office Superannuation Helpline on **13 10 20**.

This tax information is based on tax laws that were current at 1 June 2020.

Transfer balance cap

About the cap

A transfer balance cap applies to the amount of super you can transfer into your retirement account/s without incurring additional tax. The transfer balance cap for the 2020/21 financial year is \$1.6 million.

Excess balances must be transferred back to an accumulation account or commuted to a lump sum, as tax consequences will apply for the period you exceeded the transfer balance cap.

For a Guaranteed Income account, the initial investment value of your account will be reported to the ATO, who will credit the value to your transfer balance account.

Death benefits

Where a death benefit is paid to an eligible dependant as a retirement phase income stream, it will generally be credited to the dependant's transfer balance account. Special rules apply when the recipient is a dependent child.

If you die and have elected a reversionary, a credit will be added to the reversionary's transfer balance account 12 months after reversion.

If the value of the death benefit makes the reversionary's transfer balance account exceed the transfer balance cap, they will have 12 months to reduce their transfer balance account without penalty.

NEED A LITTLE HELP?



We understand the rules for beneficiaries and taxes are complex and that your decisions can affect your Centrelink benefits. If you would like assistance, contact our Member Centre on **1300 366 216** or to arrange an appointment with one of our financial planners visit vicsuper.com.au/advice

Centrelink entitlements

Centrelink benefits are impacted by two means tests – an assets test and an income test. This section outlines how your Guaranteed Income account is assessed under these tests. The information provided is general only, and we recommend you seek advice regarding your individual circumstances. Your local Centrelink office can help answer any question you may have. Your financial planner can also help.

Guaranteed Income for Life

Your Guaranteed Income for Life account is assessed as follows:

Assets Test	Income Test
60% of the purchase price until the life expectancy ¹ for a 65-year-old male (currently 84 years old) or a minimum of five years. 30% of the purchase price thereafter.	60% of the regular payments received.

Where you are over Age Pension age, the social security treatment of your retirement income under the assets test and income test will be outlined in your quote.

Guaranteed Fixed Term Income

Where Centrelink considers your income to be a long term income stream, your Guaranteed Income account will receive a deduction amount which is considered for social security purposes to represent the return of capital and reduces the assessable asset value and assessable income.

You can use the following formula to calculate your annual deduction amount:

$$\text{Deduction amount} = \frac{\text{Initial investment} - \text{RCV}}{\text{term of the income}}$$

A short term Guaranteed Fixed Term Income account (term of five years or less and not considered to be a long term income) is assessed as follows:

Assets Test	Income Test
The value of your account is deemed to be the initial investment less 50% of the deduction amount for every six months that have elapsed since your account was opened (or 100% of the deduction amount for every 12 months that have elapsed since your account was opened, where yearly payments are made).	The amount of income assessed is based on deeming rules. Under these rules, an assumption is made that financial investments earn a certain amount of income, regardless of the income they actually earn.

A long term income (term that is greater than five years or equal to or greater than the member's life expectancy) is assessed as follows:

Assets Test	Income Test
The value of your account is deemed to be the initial investment less 50% of the deduction amount for every six months that have elapsed since your account was opened (or 100% of the deduction amount for every 12 months that have elapsed since your account was opened, where yearly payments are made).	The amount of income assessed is the regular income payments received, less the deduction amount. Where the deduction amount is greater than your regular payment, the amount assessed is zero.

Where you are over Age Pension age and the term of your account is greater than five years the social security treatment of your retirement income under the assets test and income test will be outlined in your quote.

For details of the current deeming rates, visit servicessaustralia.gov.au.

1. For the purposes of calculating the withdrawal period for Guaranteed Income for Life accounts, a person's 'life expectancy' is the life expectancy number in the Australian Life Tables 2015-17 for that person's current age and gender. Note however that due to recent and expected improvements in medical science, a person's actual life expectancy is now higher than the number in the Australian Life Tables 2015-17 and that higher number may be used in illustrations and calculators in other documents and tools, where appropriate.

Other information

Complaints resolution

We aim to provide you with helpful and professional service by addressing your concerns as compassionately and quickly as possible.

We have a procedure for dealing with member enquiries or complaints about the operation or management of our Fund.

If you feel that you have been treated unfairly or disadvantaged by a decision made by us, you can phone to register your complaint with us and we will review the matter.

The contact details are:

Tel: **1300 366 216**

Fax: **(03) 9667 9610**

Postal address:

VicSuper Complaints Coordinator
First State Super
GPO Box 89
MELBOURNE VIC 3001

If you are not satisfied by a decision made by us, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: **www.afca.org.au**

Email: **info@afca.org.au**

Telephone: **1800 931 678** (free call)

Postal address: GPO Box 3
MELBOURNE VIC 3001

AFCA will only consider a member's complaint if they have first lodged a complaint with us that was not resolved to their satisfaction.

AFCA does not consider privacy complaints. For details of how to make a privacy complaint, please refer to our privacy policy.

Privacy

We are subject to the Australian Privacy Principles in the *Privacy Act 1988* (Cth). We, and our administrator, collect and hold personal information relating to members. The member information we hold is used for administration purposes, the provision of financial planning advice and for promotional activities.

In some cases, we engage third parties to host electronic data (including data in relation to the services we provide) on our behalf.

These data warehouses may be located overseas in countries including Germany, the United Kingdom and the United States and must have in place appropriate security and privacy protocols. If we do not have all your necessary personal information, we may not be able to process an application from you or you may not receive certain benefits that you are entitled to as a member.

We take security measures to protect the personal information we hold. Your information is only accessible by Fund personnel and authorised service providers of the trustee, including the administrator and insurer. Access to your details is protected, however your spouse/de facto may be entitled to obtain information about your super in certain circumstances (i.e. family law matters).

Our privacy policy contains information about how you may access and seek correction of your personal information, how you may complain about a breach of your privacy and other important information about how your personal information is collected, used and disclosed. For further information about how your personal information is handled, please phone us on **1300 366 216** or visit **vicsuper.com.au/privacy** to view our privacy policy. A paper copy of the policy can be provided free of charge on request.

Information about the Trustee

For information about us including our board of directors, their appointment and election procedures and Australian Prudential Regulation Authority (APRA) and Australian Financial Services licences, visit **vicsuper.com.au**

Customer identification

In accordance with Anti-Money Laundering and Counter Terrorism Financing legislation, we need verification of your identity before your account can be opened.

You will be required to identify yourself in one of two ways:

Online verification

During the online application process with your financial planner, there is the option of using an integrated online identification validation service. You will need to provide some personal details including name, address and date of birth. You will also be required to provide additional verification information from a photographic identification eg passport or driver's license.

Certified documents

The second option for verification is to provide certified copies of your identification documents. Details regarding who and how documents must be certified will be included with the application form.

Super and Bankruptcy

Under the *Bankruptcy Act 1966* (Cth), super contributions made on or after 5 August 2006 in order to defeat creditors can be recovered by the trustee of a bankrupt's estate. In certain circumstances a super trustee can be served with freezing orders and payment orders from the Official Receiver in respect of a bankrupt's super account. There are also circumstances in which a court can order payment of money from the account to the trustee of the bankrupt's estate.

We are required by law to comply with such orders. Income payments are considered to be income for the purposes of the Bankruptcy Act and will be taken into account in determining whether a bankrupt has income above the threshold amount beyond which payments must be made to the trustee in bankruptcy.

Family law legislation

Under the *Family Law Act 1975*, in the event of a divorce the Family Court treats super benefits in the same way as other property that can be valued and split or offset, and makes orders that bind a super fund trustee.

These options are also available to de facto couples, including same sex couples, on the breakdown of the relationship.

Alternatively, divorcing partners may draw up their own financial agreement regarding their super which, when properly executed and served, will be binding on the trustee.

We may be required to:

- divide super benefits between the former partners
- create a new account for a spouse who was not previously a member of the Fund to hold their share of super benefits as a result of divorce
- flag benefits to be divided later on (eg after a disability claim is resolved).

Although super may be divided like property, super benefits that are split or offset on divorce will retain their preservation status and will be subject to relevant legislation governing payment and taxation of super benefits.

In addition, under the legislation trustees are obliged to provide each spouse with the information necessary to value super benefits so court orders or agreements can be made.

The amount counted towards your transfer balance cap (\$1.6m for the 2020/21 financial year) is affected by family law super splits on Guaranteed Income accounts.

Compliance

Any legislative provision or regulatory requirement which is either required to be included in this PDS, or must be complied with by the Trustee, in order for the offer to qualify:

- as an annuity for the purposes of super law; or
- for concessional tax treatment in relation to payments by Challenger Life is deemed to be included in this PDS for so long as such requirement must be complied with.

An investment in Guaranteed Income for Life is designed to be treated as an 'innovative superannuation income stream' governed under new pension rules.

Withdrawal periods: Guaranteed Income for Life

The table on the right shows the withdrawal period based on your sex and age. These terms are based on life expectancies (rounded down to whole years then multiplied by 365 days).¹

If you have nominated a reversionary, it is your life expectancy that determines the maximum withdrawal period (not the life expectancy of your reversionary).

Age	Male	Female
60	24	26
61	23	26
62	22	25
63	21	24
64	20	23
65	19	22
66	19	21
67	18	20
68	17	19
69	16	19
70	15	18
71	15	17
72	14	16
73	13	15
74	12	14
75	12	14
76	11	13
77	10	12
78	10	11
79	9	11
80	9	10
81	8	9
82	7	9
83	7	8
84	6	7
85	6	7
86	5	6
87	5	6
88	5	5
89	4	5
90	4	4
91	4	4
92	3	4
93	3	3
94	3	3
95	3	3
96	3	3
97	2	2
98	2	2
99	2	2
100	2	2

1. For the purposes of calculating the maximum withdrawal period for Guaranteed Income for Life accounts, a person's 'life expectancy' is the life expectancy number in the Australian Life Tables 2015-17 for that person's current age and gender. Note however that due to recent and expected improvements in medical science, a person's actual life expectancy is now higher than the number in the Australian Life Tables 2015-17 and that higher number may be used in illustrations and calculators in our other documents and tools, where appropriate.

Voluntary withdrawal value illustrations: Guaranteed Income for Life

The following illustrations are based on an initial investment of \$100,000. A monthly payment frequency and partial indexation were chosen. The withdrawal values are as at the end of each year of the illustrated withdrawal period.

The table below provides some examples of withdrawal values and how they are impacted by rate movements.

Interest rate movement	65 year old female 22 year withdrawal period			65 year old male 19 year withdrawal period		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year						
1	\$95,455	\$95,455	\$81,205	\$94,737	\$94,737	\$82,056
2	\$90,909	\$90,909	\$77,822	\$89,474	\$89,474	\$78,076
3	\$86,364	\$86,364	\$74,401	\$84,211	\$84,211	\$74,032
4	\$81,818	\$81,818	\$70,940	\$78,947	\$78,947	\$69,925
5	\$77,273	\$77,273	\$67,439	\$73,684	\$73,684	\$65,753
6	\$72,727	\$72,727	\$63,896	\$68,421	\$68,421	\$61,515
7	\$68,182	\$68,182	\$60,308	\$63,158	\$63,158	\$57,211
8	\$63,636	\$63,636	\$56,676	\$57,895	\$57,895	\$52,839
9	\$59,091	\$59,091	\$52,995	\$52,632	\$52,632	\$48,399
10	\$54,545	\$54,545	\$49,266	\$47,368	\$47,368	\$43,889
11	\$50,000	\$50,000	\$45,487	\$42,105	\$42,105	\$39,309
12	\$45,455	\$45,455	\$41,654	\$36,842	\$36,842	\$34,657
13	\$40,909	\$40,909	\$37,767	\$31,579	\$31,579	\$29,932
14	\$36,364	\$36,364	\$33,824	\$26,316	\$26,316	\$25,134
15	\$31,818	\$31,818	\$29,822	\$21,053	\$21,053	\$20,261
16	\$27,273	\$27,273	\$25,760	\$15,789	\$15,789	\$15,312
17	\$22,727	\$22,727	\$21,635	\$10,526	\$10,526	\$10,287
18	\$18,182	\$18,182	\$17,446	\$5,263	\$5,263	\$5,183
19	\$13,636	\$13,636	\$13,509	\$0	\$0	\$0
20	\$9,091	\$9,091	\$9,091			
21	\$4,545	\$4,545	\$4,545			
22	\$0	\$0	\$0			

Important information: This table illustrates withdrawal values for Guaranteed Income for Life accounts opened on 11 May 2020. The withdrawal values are indicative only. Your actual withdrawal value will depend on the account options you choose, actual changes in the CPI and the actual movement in interest rates (relevant Government bond rates) between the time of your investment and the time of withdrawal. Actual interest rate movements can be more or less than 1.5%. For the illustrations above, we have assumed CPI increases each year by 2.5% and have used interest rates available as at 11 May 2020.

Voluntary withdrawal value illustrations: Guaranteed Fixed Term Income

The following illustrations are based on an initial investment of \$100,000. A yearly payment frequency was chosen. The withdrawal values shown are as at the end of each year of investment.

The tables below and on the next page provide some examples of withdrawal values and how they are impacted by rate movements.

5 year term

RCV	RCV80			RCV 0 (no indexation)			RCV 0 (CPI indexation)		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
Interest rate movement	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year									
1	\$92,572	\$87,817	\$83,381	\$78,494	\$75,754	\$73,165	\$80,342	\$80,033	\$77,264
2	\$89,562	\$85,987	\$82,607	\$59,702	\$58,018	\$56,413	\$62,276	\$62,084	\$60,352
3	\$86,465	\$84,076	\$81,787	\$40,366	\$39,504	\$38,674	\$42,910	\$42,811	\$41,908
4	\$83,279	\$82,082	\$80,919	\$20,470	\$20,176	\$19,890	\$22,176	\$22,141	\$21,827
5	\$80,000*	\$80,000*	\$80,000*	\$0	\$0	\$0	\$0	\$0	\$0

* This is your residual capital value.

Important information: This table illustrates withdrawal values for Guaranteed Fixed Term Income accounts opened on 11 May 2020. The annual income payments used to calculate the values are based on the following rates: 1.83% for RCV80, 1.75% for RCV0 (no indexation) and 3.23% for RCV0 (CPI indexation). The withdrawal values are indicative only. Your actual withdrawal value will depend on the account options you choose, actual changes in the CPI and the actual movement in interest rates (relevant Government bond rates) between the time of your investment and the time of withdrawal. Actual interest rate movements can be more or less than 1.5%. For the illustrations above, we have assumed CPI increases each year by 2.5% and have used interest rates available as at 11 May 2020.

10 year term

RCV	RCV65			RCV 0 (no indexation)			RCV 0 (CPI indexation)		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
Interest rate movement	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year									
1	\$90,363	\$90,363	\$83,026	\$86,803	\$86,803	\$81,417	\$88,065	\$88,065	\$84,616
2	\$87,888	\$87,888	\$81,355	\$78,345	\$78,345	\$73,927	\$80,736	\$80,736	\$77,877
3	\$85,334	\$85,334	\$79,609	\$69,613	\$69,613	\$66,089	\$72,861	\$72,861	\$70,557
4	\$82,697	\$82,697	\$77,785	\$60,596	\$60,596	\$57,886	\$64,414	\$64,414	\$62,623
5	\$79,976	\$79,976	\$75,880	\$51,287	\$51,287	\$49,302	\$55,364	\$55,364	\$54,039
6	\$77,167	\$77,167	\$73,890	\$41,675	\$41,675	\$40,317	\$45,684	\$45,684	\$44,768
7	\$74,268	\$74,268	\$71,811	\$31,751	\$31,751	\$30,915	\$35,340	\$35,340	\$34,770
8	\$71,276	\$71,276	\$69,639	\$21,504	\$21,504	\$21,075	\$24,301	\$24,301	\$24,006
9	\$68,187	\$68,187	\$67,370	\$10,924	\$10,924	\$10,777	\$12,533	\$12,533	\$12,431
10	\$65,000*	\$65,000*	\$65,000*	\$0	\$0	\$0	\$0	\$0	\$0

* This is your residual capital value.

Important information: This table illustrates withdrawal values for Guaranteed Fixed Term Income accounts opened on 11 May 2020. The annual income payments used to calculate the values are based on the following rates: 2.21% for RCV65, 2.05% for RCV0 (no indexation) and 3.51% for RCV0 (CPI indexation). The withdrawal values are indicative only. Your actual withdrawal value will depend on the account options you choose, actual changes in the CPI and the actual movement in interest rates (relevant Government bond rates) between the time of your investment and the time of withdrawal. Actual interest rate movements can be more or less than 1.5%. For the illustrations above, we have assumed CPI increases each year by 2.5% and have used interest rates available as at 11 May 2020.

20 year term

RCV	RCV 0 (no indexation)			RCV 0 (CPI indexation)		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%
Interest rate movement						
End of year						
1	\$87,876	\$85,725	\$75,640	\$89,368	\$89,368	\$85,452
2	\$84,510	\$82,531	\$73,209	\$87,640	\$87,640	\$83,972
3	\$81,029	\$79,219	\$70,652	\$85,683	\$85,683	\$82,268
4	\$77,430	\$75,785	\$67,962	\$83,483	\$83,483	\$80,324
5	\$73,708	\$72,224	\$65,132	\$81,024	\$81,024	\$78,124
6	\$69,860	\$68,532	\$62,156	\$78,291	\$78,291	\$75,651
7	\$65,881	\$64,704	\$59,025	\$75,268	\$75,268	\$72,886
8	\$61,766	\$60,735	\$55,732	\$71,935	\$71,935	\$69,811
9	\$57,512	\$56,620	\$52,268	\$68,275	\$68,275	\$66,404
10	\$53,113	\$52,353	\$48,625	\$64,268	\$64,268	\$62,646
11	\$48,565	\$47,929	\$44,793	\$59,894	\$59,894	\$58,512
12	\$43,862	\$43,341	\$40,761	\$55,130	\$55,130	\$53,979
13	\$38,999	\$38,585	\$36,521	\$49,954	\$49,954	\$49,023
14	\$33,971	\$33,653	\$32,061	\$44,342	\$44,342	\$43,615
15	\$28,771	\$28,539	\$27,370	\$38,269	\$38,269	\$37,728
16	\$23,395	\$23,237	\$22,435	\$31,707	\$31,707	\$31,332
17	\$17,836	\$17,739	\$17,244	\$24,630	\$24,630	\$24,395
18	\$12,089	\$12,039	\$11,784	\$17,007	\$17,007	\$16,885
19	\$6,145	\$6,128	\$6,041	\$8,808	\$8,808	\$8,765
20	\$0	\$0	\$0	\$0	\$0	\$0

Important information: This table illustrates withdrawal values for Guaranteed Fixed Term Income accounts opened on 11 May 2020. The annual income payments used to calculate the values are based on the following rates: 2.40% for RCV0 (no indexation) and 3.68% for RCV0 (CPI indexation). The withdrawal values are indicative only. Your actual withdrawal value will depend on the account options you choose, actual changes in the CPI and the actual movement in interest rates (relevant Government bond rates) between the time of your investment and the time of withdrawal. Actual interest rate movements can be more or less than 1.5%. For the illustrations above, we have assumed CPI increases each year by 2.5% and have used interest rates available as at 11 May 2020.

Centrelink income test illustration

Guaranteed Income for Life

The asset value of your Guaranteed Income for Life account, under the Centrelink Assets test is calculated as follows:

- 60% of the purchase price until the life expectancy for a 65-year-old male (currently 84 years old) or a minimum of five years.
- 30% of the purchase price thereafter.

The number of expected years remaining in a 65 year-old male's life is used as the base for this calculation, no matter how old you are or whether you are male or female.

The amount of income being received from your Guaranteed Income for Life account that is assessed under the Centrelink income test is calculated as follows:

- 60% of the regular payments received.

Example

Bill is 60 years old and invests in a Guaranteed Income for Life account on 1 July 2020 with \$200,000 from his VicSuper FutureSaver account. He receives \$8,000 in regular payments in the first year.

The asset value is calculated as follows:

$$\mathbf{\$200,000 \times 60\% = \$120,000}$$

At age 84, the asset value is $\$200,000 \times 30\% = \$60,000$

The assessable income is calculated as follows:

$$\mathbf{\$8,000 \times 60\% = \$4,800}$$

Get in touch – we're here to help

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and speak to a super consultant between
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