



# Choice of superannuation fund

## Standard choice form – defined benefit member

This form is for an employee who is:

- entitled to a defined benefit in a superannuation fund, and
- eligible for choice of superannuation fund.

If you decide to choose a superannuation fund, you should complete this form instead of the *Standard choice form* NAT 13080.

Read Part A of this form to see the fund to which your employer will contribute. If it's changing, but you choose to keep your existing fund, or choose another fund, you should fill in Part B of the form. The following information may help you decide.

### WHAT IS A DEFINED BENEFIT?

If you are a defined benefit member of a superannuation fund, part or all of your benefits in the fund are 'defined'. This means your benefit when you retire or when your employment is terminated is worked out or defined by your fund's rules. By contrast, other benefits tend to depend on the contributions paid to the fund plus investment returns, less fees and costs.

For defined benefit members, your benefit may depend on various factors, such as your salary or wage, how long you have worked for your employer, or how much you have personally contributed to the fund. Your benefit may also depend on whether you are entitled to the benefit because of retirement, redundancy, resignation or invalidity.

Generally, the defined benefit does not depend on investment returns. This is one of the most important differences from the more common accumulation-style benefits.

Defined benefits can vary between different superannuation funds and different members, so check how your own benefits are defined. Comparing the benefits of a defined benefit fund and another fund can be complex. Your fund should be able to answer your questions about how benefits are determined and what you are entitled to receive. The fund's product disclosure statement or other information material will explain your benefit(s) and what will happen to them if you choose a new fund.

The 'Important information' section provides further information on comparing funds.

**!** Take your time to carefully consider the best course of action before deciding to make a choice. You do not have to choose a fund now; you can choose another fund in the future.

## YOUR OPTIONS

### Option 1:

#### You do not have to choose a fund

If you do not make a choice, your employer's contributions will be paid into the fund that your employer has chosen (see Part A on page 3 of this form). This may not be the same as your current fund.

Your employer's chosen fund may be suitable for your needs. You can choose a different fund later if you like.

**If you do not want to choose a fund, you do not have to complete this form.**

**!** Your employer is not liable for the performance of superannuation funds that you choose or they choose on your behalf. This includes any financial losses you experience if you choose another fund instead of remaining in your current defined benefit fund.

**!** Do not seek financial advice from your employer unless they are licensed to provide it.

#### **➤** MORE INFORMATION

You can get more information about choice of superannuation fund or superannuation in general from:

- [www.superchoice.gov.au](http://www.superchoice.gov.au), or
- by phoning **13 28 64**

If you do not speak English well and want to talk to an Australian government officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

### Option 2:

#### Choose a fund

You can choose the superannuation fund where you want your future employer contributions to be paid. If you opt out of a defined benefit fund you may not be able to resume your membership of it.

Your employer is only required to accept one choice every 12 months.

#### Step 1

##### Gather information – work out what's best for you

You will need to find out what superannuation options are available to you.

Find out about the features and benefits of your current fund, the fund chosen by your employer and any other funds you are considering. Your current fund may be different to the fund chosen by your employer.

**➤** You should read the 'Important information' section on the next page before choosing a fund.

#### Step 2

##### Fill in Part B of this form

Give your employer details of your chosen fund by **completing Part B** of this form or by a written statement including the necessary information. This information may be provided by your chosen fund but you must sign the form.

Part A shows details of your employer's superannuation arrangements. This includes the fund to which your employer has chosen to make all future superannuation guarantee contributions.

## IMPORTANT INFORMATION

Comparing defined benefit funds and accumulation funds needs to be done very carefully. Take your time. You may want to seek personal financial advice before you make a decision so that you understand how leaving your defined benefit fund could affect you. If so, ask a financial adviser to consider all the following issues in their written 'statement of advice' before they recommend you move to a new fund.

### **Investment risk**

In a defined benefit fund, your employer takes the investment risks for your defined benefit. If your fund loses money on its investment, then generally it's up to your employer to ensure the fund can pay your benefits. For some benefits – your personal contributions, for example – you may have to bear the investment risk.

If you leave the defined benefit fund, you are likely to choose an accumulation fund. If an accumulation fund loses money on its investments, your account balance could be reduced.

### **Your existing benefits**

By choosing another fund, you may be giving up your right to a defined benefit on disability or on retirement.

Your existing benefits are also likely to change. Compare the current value of your existing benefits in the fund if you stay or if you choose another fund. Unless your benefits are fully yours or 'vested', you could lose part of them if you choose another fund. Find out if you *can* or *must* transfer your benefits to your chosen fund.

Your employer may be making higher contributions to your defined benefit fund than the 9 per cent currently required under superannuation guarantee. You should check the level of superannuation contributions your employer is willing to pay to your chosen fund.

### **Fees**

Most funds charge fees. Your employer may pay some or all of the costs of your current fund. If you choose a fund, you may have to pay those costs from your account balance or investment earnings.

Differences in the fees funds charge can have a big effect on the amount of your retirement benefits. For example, your final return could be reduced by up to 20% over 30 years if your total amount of fees and costs are 2% rather than 1% (for example, from \$100,000 to \$80,000). Some funds may also charge an exit fee if you leave the fund.

### **Insurance and other benefits**

Check how choosing a new fund affects your death and disability benefits in your current fund.

For example, your employer may pay for your insurance cover in the defined benefit fund, but the cost of insurance may be directly deducted from your account if you choose another fund. Questions to ask the funds include: Will I get the same amount and type of insurance? How do the funds compare if I become disabled and am unable to work?

Some funds may insure you against death or an illness or accident that makes you unable to return to work. Other funds may not offer insurance, or you may have to pass a medical examination before they cover you. Check if you will have insurance cover in any new fund, and the costs and amount of cover, before leaving your current fund.

### **Membership and contributions**

Find out if you can return to the defined benefit fund later if you change your mind.

If you choose another fund, find out if you will be required to make additional member contributions.


### **Resignation and retirements benefits**

Find out if you would lose an entitlement to resignation or retirement benefits if you choose a new fund.

Find out how your retirement benefits will be calculated in the defined benefit fund if you stay, and compare it to your benefits if you choose an accumulation fund for future benefits.

### **Salary sacrifice**

If you have entered a salary sacrifice arrangement in your defined benefit fund, you may want to check if you can have additional contributions made for your benefit into another fund. If you cannot make additional contributions to your proposed new fund, you may also want to consider the impact the salary sacrifice arrangement has on your entitlements in the defined benefit fund.

 The information you will need to make these checks is in each fund's product disclosure statement, member booklet or other material that you can get from the fund, or contact the fund's enquiry area for assistance. For more information on choosing a fund go to [www.superchoice.gov.au](http://www.superchoice.gov.au) or phone **13 28 64**.



# Choice of superannuation fund Standard choice form – defined benefit member

## Part A: Employer to complete

Give this form to your employee after you have completed Part A.

1 **Employer name**

2 **Employer superannuation guarantee contributions will be made to the following fund:**

Fund name

Superannuation product identification number (if applicable)

For the product disclosure statement for this fund (if applicable)  Phone

Fund website

Defined benefit fund entitlement  Yes  No

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3 **Employer superannuation guarantee contributions have previously been made to:** (if different to above)

If the employer fund has not changed please write 'as above' in fund name box below.

Fund name

Superannuation product identification number (if applicable)  Phone

Fund website

Defined benefit fund entitlement  Yes  No

## Part B: Employee to complete — ONLY IF MAKING A CHOICE

1 **I request that all future superannuation guarantee contributions be made to:**

my employer's previous superannuation fund named in part A question 3 ▶ Go to question 4 below.

my own choice of fund ▶ Complete questions 2, 3 and 4 below.

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2 **Your chosen fund details:**

Fund name

Membership No. (if applicable)

Account name

Fund Australian business number (ABN) (if applicable)

Superannuation product identification number (if applicable)  Phone

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3 **I have attached:**

- a letter from the trustee stating that this is a complying fund and (for a self managed superannuation fund) a copy of documentation from the Tax Office confirming the fund is regulated
- written evidence from the fund they will accept contributions from my employer, and
- details about how my employer can make contributions to this fund.

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4 **Employee name**

Employee No. (if applicable)

Date  Day  Month  Year  Signature

Return this form to your employer. **Do not send this form to the Tax Office or to your superannuation fund.**

## Part C: Employer only

Date accepted

Day  Month  Year

Processed

Day  Month  Year