Lifetime Pension

What is the Lifetime Pension

The Lifetime Pension provides you with the peace of mind of fortnightly, tax-free income payments for the rest of your life, and for the life of your spouse, if applicable. You can start a Lifetime Pension from your 60th birthday up to your 80th birthday, and where you meet other eligibility conditions.

This factsheet summarises how the Lifetime Pension works. Full details are available in the QSuper Product Disclosure Statement for Income Account and Lifetime Pension (PDS), available at **qsuper.qld.gov.au/pds**

Key features of a Lifetime Pension

- Fortnightly payments for life
- Spouse protection option
- Potential Age Pension benefits
- Time to decide if it suits you (six-month cooling-off period)
- Money-back protection

Fortnightly payments for life

Your payment amount will be adjusted each financial year to reflect the performance of the underlying investment of the pool and other factors such as fees and costs and mortality experience. This means that while payments are expected to increase over time, they may go up or down.

While you can't make lump sum withdrawals, you can exit the product during the six-month cooling-off period.

An option for your spouse

If you have purchased the spouse protection option, payments continue to be paid to your spouse when you pass away. Payments will continue to be made, if eligible, regardless of who lives the longest. Your initial and ongoing payment rate is based on the younger spouse's age, and both people must be aged over 60.

See the definition of 'spouse' and other important definitions in the Plan your estate section of the PDS.

Potential Age Pension benefits

As not all of your money used to purchase a Lifetime Pension will be counted towards your income and assets tests, there is a potential Age Pension benefit. This means that by purchasing a Lifetime Pension you could potentially receive some Age Pension payments when you would otherwise have not qualified for any at all.

See the PDS for more information about Age Pension benefits and how we calculate the income and assets test.

Time to decide if it suits you

14-day cooling-off period[1]

You are entitled to cooling-off rights. You will receive a confirmation from us when your Lifetime Pension has started. This means if you change your mind within the first 14 days from when your Lifetime Pension has started, we will refund the full purchase price ("the 14-day cooling-off period").

Six-month cooling-off period

The Trustee provides a six-month cooling-off period to help you decide if the Lifetime Pension is right for you. This means that if you change your mind within the first six months from when your Lifetime Pension starts (but after the 14-day cooling-off period), we will refund the purchase price less the following amounts:

- Any income payments that have already been paid by your Lifetime Pension
- Adjustments for any negative investment returns and any adjustments that may be required due to superannuation law which imposes restrictions on the amount of capital that can be returned from products like the Lifetime Pension.[2]

1 Your cooling-off period begins on the day the product is started, not on the date your first payment is received. **2** This capital returned is limited to a legislative maximum known as the capital access schedule (CAS). The CAS limits the proportion of the initial purchase price that may be returned. More information on this benefit and the impacts of this schedule are available in the PDS.

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Other considerations

If you change your mind about the Lifetime Pension and wish to exercise your cooling-off rights you need to complete the Cancel a Lifetime Pension form available on the QSuper website. We must receive the fully completed form before the expiry of the relevant period:

- Before the expiration of 14 days from the day your Lifetime Pension starts (for the full refund of your purchase price), or
- Before the expiration of six months from the day your Lifetime Pension starts.

Please allow for appropriate postage times if you are posting the cancellation form.

Outside the cooling-off period, you may only exit the product if you have a terminal medical condition, otherwise your beneficiaries may receive a death benefit in the event of your death (if you are eligible for money-back protection).

A Lifetime Pension is a permanent purchase after the cooling-off period, which means you will no longer be able to voluntarily exit the product.[1]

How your Lifetime Pension payments will change

The fortnightly pension payment amount you receive in the initial financial year you purchase your Lifetime Pension will be different to fortnightly payment amounts in the subsequent years. There are two reasons for this:

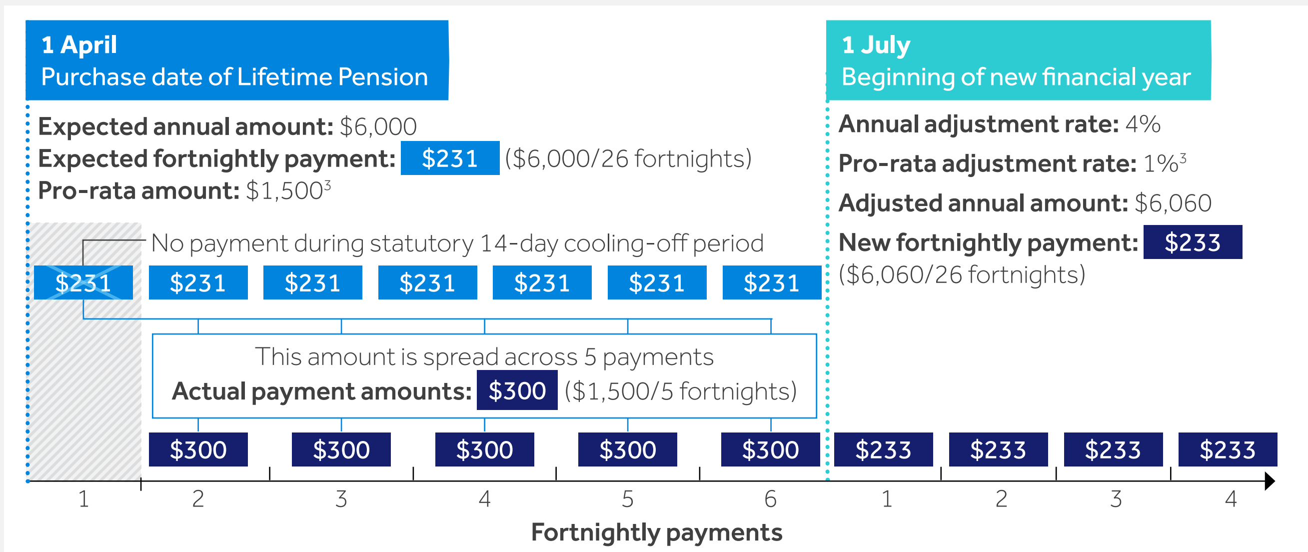
1 There is no payment during statutory cooling-off period

We do not make any payment to you in the first 14-day cooling-off period after you start your Lifetime Pension. If you change your mind about your Lifetime Pension in this time, we will return to you a full refund of your Lifetime Pension purchase price. As you received no payment in this period, your pro-rata amount for the first year is then spread across the remaining fortnightly payments of the financial year. This only applies in the initial year you open your Lifetime Pension. Payments you receive fortnightly in the following (and subsequent) financial years are not impacted by the cooling-off period, which means your fortnightly pension payments in your second and subsequent financial years may be lower than your payments received in the initial financial year.

2 There is an adjustment to your annual payment amount

On 1 July, there is an adjustment to your annual payment amount based on the performance of the Lifetime Pension pool. This adjustment is based on the financial performance of the underlying investment of the Lifetime Pension pool and other factors such as fees and costs, the timing of cash flows and the pool's mortality experience. While the pool is invested in the Balanced Risk-Adjusted option, these other factors mean its net result may deviate slightly from the investment option's returns. The adjustment rate declared is based on the full financial year and the adjustment that applies to you will be a pro-rata amount based on how long you have held the Lifetime Pension. Again, this will only apply in the first full financial year after you opened your Lifetime Pension. In subsequent years, you will receive the full declared adjustment rate as you would have been in the Lifetime Pension pool for the full year.

Example of payment changes for a member who purchases a Lifetime Pension of $6,000 per annum in April[2]



1 Your cooling-off period begins on the day the product is started, not on the date your first payment is received. 2 This example is for illustrative purposes only. Figures have been rounded for ease of understanding. 3 Based on holding the Lifetime Pension from 1 April to 30 June (3 months) in the financial year. Actual pro-rata is based on number of days. See the QSuper Product Disclosure Statement for Income Account and Lifetime Pension for more details.

How money-back protection works

The Lifetime Pension is designed so that you and your beneficiaries receive at least your purchase price back, either as pension payments or as a death benefit.If you purchased the single option, your beneficiaries may receive any money-back protection payable in the event of your death. If you choose the spouse protection option and both you and your spouse pass away before receiving pension payments equal to your purchase price, the difference is payable as a death benefit.[1]

The money-back protection may be limited in rare circumstances by a legislative maximum known as the capital access schedule. This schedule limits the proportion of the purchase price that may be returned.

If you hold the Lifetime Pension single option and you are diagnosed with a terminal medical condition (an illness or injury that will likely result in your death within 24 months), you may be able to access money-back protection.

Any money-back protection amount payable due to a terminal medical condition will be paid as a lump sum to you, not in accordance with any binding death benefit nomination.

If you hold the spouse protection option, there is no money-back protection benefit payable as your spouse will continue to receive payments in the event of your death or in the case of terminal medical condition. See the Claiming a Terminal Medical Condition Benefit factsheet for more information.

Also, any money-back protection benefit may be reduced by any overpayments. This may include if Lifetime Pension payments have continued to be paid after your death, or after you have received approval to close your Lifetime Pension due to a terminal medical condition.

Any money-back protection benefit will be subject to a legislative maximum under the capital access schedule.

Capital access schedule

In 2017, the Australian Government introduced 'innovative retirement income stream products' into superannuation and tax legislation, enabling superannuation funds to offer a new type of retirement income product such as the Lifetime Pension. This legislation included the capital access schedule which provides a maximum limit on the amount that we are permitted to pay you or your estate at any given time. The legislation is designed to ensure that income is provided throughout a person's lifetime and large amounts are not unreasonably deferred until later or after a person's life expectancy has expired.

When the capital access schedule applies

If the pool's financial performance is significantly worse than expected for a prolonged period of time, the annual pension payments will reduce, meaning that the money-back protection amount payable will increase. This may then exceed the capital access schedule limit that we are permitted to pay. Any Lifetime Pension cooling-off or money-back protection benefit payable due to death or terminal medical condition is subject to the capital access schedule. The maximum amount is related to the life expectancy of the primary member (the member who purchased the Lifetime Pension), and reduces with increasing age.

Note, the capital access schedule restrictions do not apply within the first 14 days of commencement.

1 Subject to a legislative maximum, known as the capital access schedule.

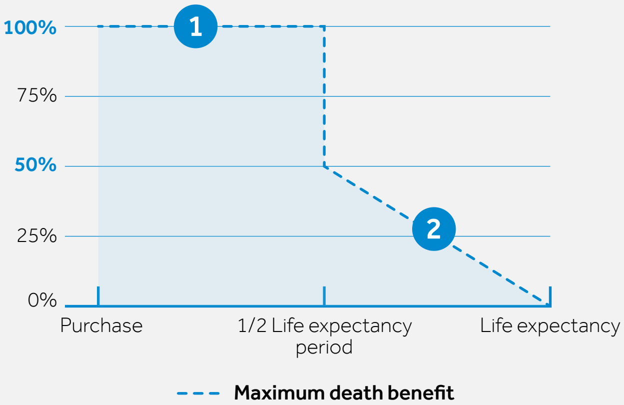
How the capital access schedule applies upon death or voluntary withdrawal

Capital access schedule and death benefits

For death benefits, the capital access schedule requires that:

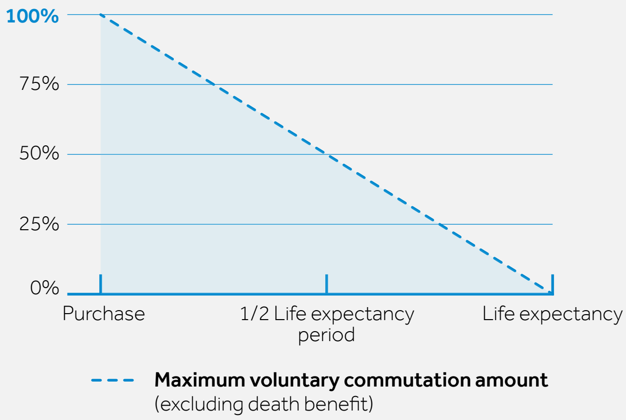
- The maximum amount that can be paid as a death benefit is 100% of the purchase price within the first half of your life expectancy[1]
- After this date, the maximum death benefit is capped based on a declining straight line from 50% at purchase date to 0% at life expectancy.

Note: The final death benefit will be based on the purchase price less any income payments to date, up to the maximum allowed by the capital access schedule. Graphs on this page are provided for illustrative purposes only.



Capital access schedule and withdrawals

If voluntarily exiting the product, the capital access schedule requires that, if permitted, the maximum withdrawal is capped based on a declining straight line from 100% at purchase date to 0% at life expectancy.[2]



1. No cap on the death benefit payable in the first half of the life expectancy period.
2. Maximum death benefit is capped at a declining straight line from 50% at purchase to nil at life expectancy.

Get financial advice

It is important to understand the impact starting and closing Lifetime Pensions may have on any income support payments you receive from the Australian Government (such as the Age Pension), and on your estate or aged care planning.

Deciding what is best for you will depend on your personal circumstances and you may want to seek personal financial advice to get the most from your superannuation. You can find out more about financial advice options at **qsuper.qld.gov.au/advice**

For more information

We are committed to making it easier for you to understand your options, so you can feel confident that you are making the right choices for your super. If you have any questions about this factsheet or your super in general, call us on **1300 360 750** or visit **qsuper.qld.gov.au/pds** and download the QSuper Product Disclosure Statement for Income Account and Lifetime Pension (PDS).

1 If you purchase the Lifetime Pension and select the spouse protection option, the relevant life expectancy for working out capital access schedule limits is that of the member in whose name the pension is initially taken out. Current life expectancy tables can be found on the Australian Bureau of Statistics website at abs.gov.au **2** This is ordinarily only relevant to Lifetime Pension during the six-month cooling-off period, or if you wish to exit the product due to terminal illness. The capital access schedule requirement also applies in the unique situation where a lump sum payment is required due to a commutation authority issued by the ATO.

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