Who this guide is for

If you are considering opening a Retirement Income account or a Transition to Retirement Income account, or you already have one of these accounts, this guide is for you. It explains how the Income account works, who can use one, and the benefits it offers.

Important information

This Income Account Guide provides details about the Income account product, and other important topics like fees and taxation as they apply to you.

The information in this document forms part of the QSuper Product Disclosure Statement for Accumulation and Income Accounts (PDS) issued on 1 July 2019, as the PDS references information found in this guide. Other important information is contained in the Investment Choice Guide, which also forms part of the PDS.

Consider the information contained in this document before making any decisions about the Income account. If you need copies of any of the documents we refer to in this guide, you can download them from our website at qsuper.qld.gov.au or call us on 1300 360 750 to request a copy, free of charge.

Keeping you informed

The information contained in the PDS may change from time to time. You can find out information about any changes that are not materially adverse by visiting our website at qsuper.qld.gov.au or calling us on 1300 360 750. We can also send you a copy of the updated information on request, free of charge.

When you focus on members, awards come as no surprise

For further information about the methodology used by Chant West, see chantwest.com.au
About the QSuper Income account

For over 100 years, QSuper has supported members like you to enjoy their retirement.
It’s a job we take very seriously because we want your retirement to be just as you have planned.
Our Retirement Income account is designed for you to draw regular payments from your super in retirement.
Our Transition to Retirement (TTR) Income account is for members who have reached their preservation age and are under age 65, and want to draw down a regular income from their super to supplement their income while continuing to work.
Opening an account is easy – you can do this directly through Member Online, or you can complete an Open an Income Account form in the PDS or download the form from our website.

Why choose QSuper to be your partner in retirement?

Award-winning products and services
We offer you products and services that are ranked as being among the best in the country.
Our Income account has won Money Magazine’s Best of the Best 2019 - Best Pension Fund Manager¹ and SuperRatings’ Pension of the Year 2019.²

Profit for members
We believe in keeping fees simple and are always looking for ways to keep them low to benefit our members. Because we’re a profit-for-members fund, you can be assured that we’re working in your best interests, not someone else’s.

Financial advice to stay on track
You can access personal advice about your QSuper account.³ Professional advisers can help make the most out of your money by considering your whole financial situation.

Wide range of investment options
Whether you want us to manage your investments or you want to choose your own investment strategy for your super, we’ve got a wide range of investment options to suit.

A bonus when you retire
A transfer bonus may be payable to eligible members when they move funds from:
• A QSuper Accumulation account to a Retirement Income account, or
• A QSuper Transition to Retirement (TTR) Income account to a Retirement Income account.

You will not need to apply for the transfer bonus; it is automatically added to your account at the same time your money is moved. It’s an industry-leading initiative that pays you the money previously set aside for capital gains tax.
The investment options your super is invested in affect the amount of bonus you may receive, as some assets attract a higher bonus than others. Any money in the Cash, Diversified Bonds, or Self Invest investment options does not qualify for the transfer bonus.
The calculation of a transfer bonus is historically-based, and if you have been invested in an investment option for less than two months, your transfer bonus in relation to that investment option will be zero.
A dependant opening a Retirement Income account with funds from a superannuation death benefit⁴ is not eligible to receive a transfer bonus.

Seamless online management
Managing your Income account online is easy. Personalised access to your Income account is available whenever it suits you, with our convenient Member Online at qsuper.qld.gov.au
You can use Member Online to:
• Check your account balance and transactions
• Review your investment options and make switches
• Change your payment amounts and frequency
• Update your personal details
• Sign up to Self Invest (Income account only)
• Update your bank details for income payments
• Add or update a reversionary beneficiary
• Access Online Advice.
You can register for Member Online through our website at qsuper.qld.gov.au

1 The Best of the Best Awards celebrates Australia’s pre-eminent financial products, services and investments, with leading research houses including Canstar, Lonsec, Morningstar, SQM Research, SuperRatings, WhistleOut and Zenith Investment Partners identifying the winners in more than 60 categories. The awards are designed to help consumers make more informed investment decisions across asset categories including super, cash accounts, funds, and home loans. The award is solely a statement of opinion and does not represent a recommendation to purchase, hold or sell any securities, or make any other investment decisions. Ratings are subject to change. Ratings, awards or investment returns are only one factor that you should consider when deciding how to invest your super.
2 SuperRatings does not issue, sell, guarantee or underwrite this product. Go to www.superratings.com.au for details of its ratings criteria. Past performance is not a reliable indicator of future performance. Ratings, awards or investment returns are only one factor that you should consider when deciding how to invest your super.
3 Qinvest Limited (ABN 35 063 511 580, AFSL 258274) is a separate legal entity responsible for the financial services it provides. Advice fees may apply. Refer to the Financial Services Guide for more information.
4 From 1 October 2019, eligible recipients of superannuation death benefits, of any age, may elect to receive all or part of a death benefit as an income stream by opening a Retirement Income account.
# How super works in an Income account

Any time we refer to our Income account in this guide, we are referring to both the Retirement Income account and the Transition to Retirement Income account, unless we specify otherwise.

<table>
<thead>
<tr>
<th>Step 1: Open your account</th>
<th>Step 2: Plan payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Make sure you are eligible to open an Income account.</td>
<td>• Decide how much you want each payment to be.</td>
</tr>
<tr>
<td>• Become a QSuper member if you are not already, by opening an Accumulation account with us.</td>
<td>• Choose how often you want to get paid – fortnightly, monthly, quarterly, half-yearly, or annually.</td>
</tr>
<tr>
<td>• Check you meet the relevant condition of release.</td>
<td>• Consider the minimum annual payment amounts that apply, based on your age and Income account balance.</td>
</tr>
<tr>
<td>• Make sure you have at least $30,000 to open your Income account with.</td>
<td>• Consider the maximum annual payment amounts that apply if you have a Transition to Retirement Income account (TTR).</td>
</tr>
<tr>
<td>• Consider consolidating your other funds and contribute any additional money you wish to include into your Accumulation account before you open your Income account. ¹</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3: Set an investment strategy</th>
<th>Step 4: Nominate a beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pick the investment option/s you want your payments to come from, and in what order.</td>
<td>• Nominate a reversionary beneficiary or make a binding death benefit nomination.</td>
</tr>
<tr>
<td>• Regularly review your investment strategy to make sure it fits your needs.</td>
<td></td>
</tr>
</tbody>
</table>

We discuss each of these steps in more detail in the next section.

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¹ Before you consolidate your super, you should check with your other super funds about loss of insurance or other benefits. Contribution caps apply for any additional super contributions, see the Accumulation Account Guide for more information.
Step 1: Opening your Income account

Opening an account is easy – you can do this directly through Member Online, or you can complete an Open an Income Account form in the PDS or download the form from our website.

When can I open a Retirement Income account?

You can open a Retirement Income account if you meet one of the following conditions:

- You reached your preservation age and permanently retired, and do not intend to ever work again 10 hours or more per week in the future. This declaration relates to your intention at the time of opening an Income account and does not mean you could not return to part-time or full-time work if your circumstances change in the future.
- You have completely ceased an employment arrangement on or after 60.
- You are aged 65 or older.
- You have met another condition of release which was previously approved by QSuper (e.g. totally and permanently disabled).
- You are an eligible recipient of a superannuation death benefit (available from 1 October 2019).\(^1\)

You need a minimum of $30,000 in superannuation to open a Retirement Income account.

Your preservation age is shown in the table below:

<table>
<thead>
<tr>
<th>Your date of birth</th>
<th>Your preservation age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 01/07/60</td>
<td>55</td>
</tr>
<tr>
<td>01/07/60 – 30/06/61</td>
<td>56</td>
</tr>
<tr>
<td>01/07/61 – 30/06/62</td>
<td>57</td>
</tr>
<tr>
<td>01/07/62 – 30/06/63</td>
<td>58</td>
</tr>
<tr>
<td>01/07/63 – 30/06/64</td>
<td>59</td>
</tr>
<tr>
<td>01/07/64 or after</td>
<td>60</td>
</tr>
</tbody>
</table>

When can I open a Transition to Retirement Income account?

You can open a Transition to Retirement Income account if you have reached your preservation age and are still working.

You need a minimum of $30,000 in superannuation to open a Transition to Retirement Income account.

Moving from a Transition to Retirement Income account to a Retirement Income account

If you start with a Transition to Retirement Income account, we will transfer you to a Retirement Income account when you turn age 65 or when you let us know that you meet another of the conditions of release listed opposite.

Moving to a Retirement Income account will remove the maximum withdrawal limit and limits on lump sum withdrawals, and will also mean your investment earnings become tax-free.

Combining your super

Before you open your Income account, you should consolidate all the money you want added to it.\(^2\) This can be from any other super funds you may have, or from your personal finances outside of super, and these must be first contributed to a QSuper Accumulation account.

Maximum account balance

A $1.6 million transfer balance cap applies to Retirement Income accounts. This cap applies to the total amount across all Retirement Income accounts you hold, including any accounts you may hold outside QSuper, and any pension income you are receiving from the super account of a deceased spouse or former spouse.

If you have in excess of the $1.6 million in total across all of your Retirement Income accounts (including those held outside QSuper), the Australian Taxation Office (ATO) may issue you an excess transfer balance determination notice directing you to remove the excess amount. If you do not remove the excess amount by the due date on the notice, the ATO will issue a commutation authority to your super fund, requesting that the fund transfer the excess out of the Retirement Income account.

If we receive a commutation authority from the ATO, then unless you tell us otherwise, we will automatically transfer the amount over the transfer balance cap to a QSuper Accumulation account. If you are a reversionary beneficiary and you receive a death benefit income stream, the amount of the deceased’s account balance over the transfer balance cap will be paid to you as a lump sum.

No cap applies on the amount you can hold in a Transition to Retirement Income account until you move into the retirement phase. The cap will apply when you retire and transfer super from your Accumulation account or a Transition to Retirement Income account into a Retirement Income account.

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\(^1\) From 1 October 2019, eligible recipients of superannuation death benefits, of any age, may elect to receive all or part of a death benefit as an income stream by opening a Retirement Income account.

\(^2\) Before you consolidate your super, you should check with your other super funds about loss of insurance or other benefits.
Can I add more money to my Income account?
No, but you can commence a new Income account with additional money. By transferring any additional money you want to add into an Accumulation account (subject to eligibility), you can then open a new Income account with your combined funds.
Alternatively, you can restart your Income account with additional money once you have transferred into an Accumulation account (subject to eligibility) by sending us a Restart an Income Account form.1

Can I have more than one Income account?
Yes, you can open as many Income accounts as you want. This can be useful if you want to nominate a different reversionary beneficiary for each account.

Closing your account
We will keep making payments from your Income account as long as there is money in it. If you want to close your account before your money runs out or during the cooling-off period,3 you can send us a withdrawal or transfer form.

Making additional voluntary contributions2 or consolidating other superannuation funds into your QSuper Accumulation account

The minimum opening balance for an Income account is $30,000

Keeping your account with QSuper
We are required to transfer “inactive low balance accounts” to the ATO. Your account may be transferred to the ATO if your account balance is less than $6,000 and there has been no activity on the account in 16 months, including:
• No rollover from another fund or a contribution to an account you hold has been received
• No changes have been made to your investment options (or Accumulation account insurance cover)
• No binding death benefit nomination has been made or amended.
If you don’t want your account being transferred to the ATO, see our Lost Members factsheet available at qsuper.qld.gov.au/factsheets

Get financial advice
It is important to understand the impact opening and closing Income accounts might have on any income support payments you receive from the Australian Government (such as the Age Pension) and on your estate planning.
As a QSuper member you have access to advice from QInvest. Visit qinvest.com.au to book a personal advice appointment.4

Family law separation
If you and your partner separate, you can usually split any super you have in an Income account under family law legislation. For more information, see our Family Law Legislation factsheet.

Outside funds
• Money in other superannuation funds
• Personal savings

1 You cannot restart an Income account if you hold any money in the Self Invest option. This option will need to be closed and all money transferred to another investment option.
2 Rules and limits apply when it comes to contributing money to super. Please see our Accumulation Account Guide for more information.
3 You have a cooling-off period of 30 calendar days from when your QSuper Income account is opened to decide if the account is right for you.
4 QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. Advice fees may apply. Refer to the Financial Services Guide for more information.

Get financial advice
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4 QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. Advice fees may apply. Refer to the Financial Services Guide for more information.
Step 2: Planning payments from your Income account

Your Income account is there to provide a regular income for you in retirement. This step is about deciding how much and how often you want to receive payments from your Income account.

How much can I get paid?

You control how much you get paid per year, within government limits. There are some rules regarding withdrawing your payments:

- You must receive at least one payment every financial year.
- You must receive at least the minimum withdrawal amount every financial year (see the table below).\(^1\)
- If you have a Retirement Income account, there is no maximum withdrawal limit per year,\(^2\) so you can receive any amount up to the total balance of your Retirement Income account.
- If you have a Transition to Retirement Income account, you cannot receive more than 10% of your account balance each financial year.
- You will need to keep a minimum of $10,000 in your QSuper account if you would like to make a lump sum withdrawal. This minimum balance will apply unless you are withdrawing all of your funds and closing your account.

The minimum withdrawal percentages are shown in the table below. If you don’t tell us how much you want to get paid, we will pay you the minimum amount. The minimum and maximum payment amounts for the following financial year are based on your Income account balance as at 30 June.\(^2\)

<table>
<thead>
<tr>
<th>Your age</th>
<th>Your minimum withdrawal per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65</td>
<td>4 %</td>
</tr>
<tr>
<td>65 – 74</td>
<td>5 %</td>
</tr>
<tr>
<td>75 – 79</td>
<td>6 %</td>
</tr>
<tr>
<td>80 – 84</td>
<td>7 %</td>
</tr>
<tr>
<td>85 – 89</td>
<td>9 %</td>
</tr>
<tr>
<td>90 – 94</td>
<td>11 %</td>
</tr>
<tr>
<td>95 or over</td>
<td>14 %</td>
</tr>
</tbody>
</table>

How do I calculate my minimum payment?

We will tell you the minimum payment amount when we open your Income account, and the updated figure is shown each year on your annual statement. You can also find out your minimum payment amount and make adjustments to your payment amounts using Member Online.

If you open your Income account partway through a financial year, your minimum payment will be a pro rata amount based on your full annual payment.

Inflation

If you have a Retirement Income account, you can choose to automatically increase your payment amount every year in line with inflation. If you choose this option, we will make sure your payments go up every year on 1 July in line with the Pensioner and Beneficiary Living Cost Index,\(^3\) subject to the minimum withdrawal limits.

How do I manage my payments?

You can specify your payment choices when you open your account and you can change them at any time.

If you don’t specify how often you want to get paid, we will automatically pay you monthly on the 28th day of every month.

How often can I get paid?

You can choose how much and how often you want to get paid. The below table shows the payment frequencies available and the payment dates.\(^1\)

<table>
<thead>
<tr>
<th>Pay frequency</th>
<th>Payment details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortnightly</td>
<td>Paid fortnightly on a Wednesday</td>
</tr>
<tr>
<td>Monthly</td>
<td>Paid once a month on the 28th</td>
</tr>
<tr>
<td>Quarterly</td>
<td>Paid on the 28th of the month you want it to start, and then every three months</td>
</tr>
<tr>
<td>Half-yearly</td>
<td>Paid on the 28th of the month you want it to start, and then every 6 months</td>
</tr>
<tr>
<td>Yearly</td>
<td>Paid on the 28th of the month you want it to start, and then once every 12 months</td>
</tr>
</tbody>
</table>

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1. The exception to this is if you open your Income account in June in which case you don’t have to receive a payment until 30 June of the next financial year.
2. Maximum payment amounts only relate to Transition to Retirement Income accounts.
3. If our usual processing day is not a work day in Brisbane, we will process your payment the first available working day prior to that.
Step 3: Setting an investment strategy

You can choose your investment strategy from the wide range of options you have for investing your super. For more information, see our Investment Choice Guide.

What investment options do I have?

We offer a range of investment options to choose from, which are designed to grow your super in a way that suits you. Our website has the most up-to-date information and allows you to explore and compare options at qsuper.qld.gov.au/investmentoptions. You can mix and match between these options, and you can also change them as often as you like.

Please note: the Self Invest option is not available if you have a Transition to Retirement Income account.

If you do not nominate an investment option, we will invest your money in our default option for Income accounts, Balanced. The table below lists our investment options and illustrates the possible risks and returns you might expect over the long-term. The risks and returns illustrated below are not guaranteed and provide guidance based on past performance only.

<table>
<thead>
<tr>
<th>Potential return</th>
<th>Self Invest, Australian Shares &amp; ETFs</th>
<th>Australian Shares, International Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>Aggressive</td>
<td>Socially Responsible</td>
</tr>
<tr>
<td></td>
<td>Balanced</td>
<td>Diversified Bonds</td>
</tr>
<tr>
<td></td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td></td>
</tr>
</tbody>
</table>

Cash – for short-term investors (1 year) who want stable value, with nominal growth.

Self Invest Term Deposits – for Retirement Income accounts only, with terms available for 30, 90, 180, and 365 days from a list of large Australian banks. Go to qsuper.qld.gov.au/selfinvest and click on ‘Term deposits’ for more information.

Moderate – for medium-term investors (3+ years) who prefer stable, moderate returns (targeting CPI+2.5%).

Diversified Bonds – for medium-term investors (3+ years) who want steady returns and will accept moderate, short-term fluctuations in value.

Balanced (default option) – for medium/long-term investors (5+ years) who want exposure to higher returns (targeting CPI+3.5%), with short-term fluctuations in value.

Aggressive – for long-term investors (10+ years) who want higher returns (targeting CPI+4.5%) and will accept short/medium-term fluctuations in value.

Socially Responsible – for medium/long-term investors (5+ years) who want higher returns (targeting CPI+3.5%) and will accept short-term fluctuations in value.

Australian Shares – for long-term investors (10+ years) who want higher returns and will accept fluctuations in value over the short/medium-term, using a passively managed index.

International Shares – for long-term investors (10+ years) who want higher returns and will accept fluctuations in value over short/medium-term, using a passively managed index.

Self Invest Exchange Traded Funds (ETFs) – for Retirement Income accounts only, with a range of managed funds for Australian shares, International shares, listed property, fixed income, commodities and other sectors.

Self Invest S&P/ASX 300 – for Retirement Income accounts only, directly investing in the top 300 ASX companies in Australia.

If you need help planning your retirement, talk to a financial adviser about your options. As a QSuper member you have access to advice from QInvest. Visit qinvest.com.au to book a personal advice appointment.1

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1 QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. Advice fees may apply. Refer to the Financial Services Guide for more information.
Which investment options do your payments come from?
You can control which of your investment options you draw your income payments from, so your different investment options can aim to achieve different things. For example, you might draw your payments from money you’ve invested in a shorter-term investment option and leave the rest of it in longer-term investments so it can grow.

Choose one of the two options (order of priority or percentage) for structuring your payments:

Order of priority
You nominate which investment options to withdraw money from first. We will draw your payments from your first investment option until there is no money left in that option, at which point we will start drawing your payments from the next option you’ve nominated.

If you don’t tell us your payment preference, we will draw your payments in the following order, starting with the most conservative option (depending on what options you’ve invested in):

1. Cash
2. Moderate
3. Diversified Bonds
4. Balanced
5. Aggressive
6. Socially Responsible
7. International Shares
8. Australian Shares

Percentage
You nominate which investment options you want to withdraw payments from, and what percentage of each payment should come from the investment options.

If you would like your payments to be drawn from only one of your options, just nominate 100% for that one. If one of your nominated investment options runs out of funds, we will simply shift that percentage to your next most conservative investment option. If this happens, we will contact you about it in case you want to make any changes.

Self Invest
The Self Invest option is only available in a Retirement Income account or an Accumulation account. It is not available in a Transition to Retirement Income account. If you have chosen to use Self Invest, you cannot withdraw money directly from it. Instead, you will need to log in to Member Online and transfer your money from Self Invest to one of your other investment options before it can be used to make a payment. Go to our website at qsuper.qld.gov.au/selfinvest for more information.

What if I need extra money?
You can make lump sum withdrawals from your Retirement Income account whenever you want to. There is no minimum withdrawal amount but you will need to keep a minimum account balance of $10,000 (unless you are withdrawing your funds and closing the account).

Generally, you cannot make a lump sum withdrawal if you have a Transition to Retirement Income account, except when the balance includes unrestricted non-preserved funds. Contact us to find out more.
Step 4: Planning your estate

Your super does not automatically form part of your estate when you die,\(^1\) even if you have an up-to-date will. So to help you take control of who receives the balance of your Income account, you can either nominate a reversionary beneficiary or make a binding death benefit nomination.

<table>
<thead>
<tr>
<th>No nomination</th>
<th>Reversionary nomination</th>
<th>Binding death benefit nomination</th>
</tr>
</thead>
</table>
| If you do not nominate a reversionary beneficiary or make a binding death benefit nomination, we follow a process where we contact those listed on your death certificate and distribute the money following the principles explained in our Death Benefit Claim Guide. Generally, super is paid to a dependant such as a spouse. | Nominate one dependant to receive your Income account benefit. In the event of your death, this person can elect to receive the benefit either as ongoing payments from an Income account or as a lump sum. If you have nominated a reversionary beneficiary for your Income account this will take precedence for your Income account funds over an otherwise valid binding death benefit nomination. This nomination does not need to be renewed but you should review it if your circumstances change. You can only nominate:  
• Your spouse  
• Your child who is less than 18 years old, or less than 25 and financially dependent on you, or any age and suffers from a permanent (or likely to be permanent) physical, intellectual or psychiatric disability that results in a substantially reduced capacity of the person for communication, learning or mobility and the need for ongoing support services  
• Someone who has an interdependency relationship with you  
• A person other than your child who is financially dependent on you. | Nominate a number of people, including your children, to receive your super as lump sum payments. You can also nominate your Legal Personal Representative, which means your super will be distributed according to your Will. This nomination must be renewed every three years. You can only nominate:  
• Your Legal Personal Representative  
• Your spouse  
• Your child  
• Someone who has an interdependency relationship with you  
• A person who is financially dependent on you. |

Both of these nominations are binding on the QSuper Board as long as your nomination is valid at the time of your death (which means the person nominated remains eligible). For example, if at the time you pass away and you and your spouse are divorced, and there is no longer an interdependent or financially dependent relationship, then the nomination of your spouse will not be valid.

Notes on reversionary nominations

If your reversionary beneficiary is a child, they must take your super as a lump sum when they turn 25, unless they suffer from a physical, intellectual, or psychiatric disability.

When can I nominate someone?

You can nominate a reversionary beneficiary when you open your account or at any time in the future. You can make a binding death benefit nomination at any time.

Some important definitions

<table>
<thead>
<tr>
<th>Child</th>
<th>Interdependency</th>
<th>Spouse</th>
</tr>
</thead>
</table>
| The definition of a child for reversionary nominations and binding death benefit nomination purposes is:  
• Your biological child  
• Your adopted child  
• Your stepchild  
• A child of your spouse  
• Your child within the meaning of the Family Law Act 1975. | Someone is interdependent if (a) they have a close personal relationship with you, (b) you live together, (c) you provide each other financial support, and (d) one or each of you provides the other with domestic support and personal care. Someone is also interdependent if you have a close personal relationship but none of the other criteria apply, if either or both of you suffer from a physical, intellectual, or psychiatric disability. | A spouse includes someone you’re legally married to, someone you are in a relationship with that’s registered under a law of an Australian State or Territory, or someone you are not legally married to but whom you live with on a genuine domestic basis in a relationship as a couple. |

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\(1\) Exception is New South Wales, where a super death benefit can form part of a person’s estate under the Succession Act 2006 (NSW).
Benefits of a QSuper Retirement Income account

If you are a QSuper member, our award-winning Retirement Income account offers a flexible, tax-effective way of receiving a regular income once you reach your preservation age and retire.

Enjoy peace of mind

Retirement is busier than most people expect, so it’s nice to have peace of mind knowing your super is being managed by a fund you can trust.

Be your own boss

Control how much and how often you are paid, and make additional withdrawals whenever you need to.

Opening an account is easy – you can do this directly through Member Online, or you can complete the Open an Income Account form in the PDS or download the form from our website.

This option allows you to:

Get paid as often as you like

Access your money whenever you need to, by choosing regular payment options ranging from fortnightly to yearly. Make lump sum withdrawals whenever you need some extra money.

Invest with confidence

Grow your super using our wide range of investment options designed to suit your individual needs.

Pay less tax

Investment returns are tax-free. Additionally, you don’t pay any tax on your withdrawals once you turn 60 and you could benefit from tax offsets before you turn 60.

Plan your estate

Whatever your situation, we offer you flexibility in your estate planning options so you can have peace of mind your super will go to whom you want and how you want.

Get the help you want when you need it

Whether you’re using our online calculators and tools, attending a seminar, speaking with our friendly staff, or talking to a financial adviser, you can be assured you’re getting the right help and advice for your retirement. QSuper members have access to financial advice from QInvest.1

Benefits of a QSuper Transition to Retirement Income account

If you are a QSuper member and reach your preservation age while you are still working, you could use our Transition to Retirement Income account.

The Transition to Retirement Income account has many of the same features of a Retirement Income account, but with some conditions around withdrawals, payments, and tax payable on investment earnings.

Opening an account is easy – you can do this directly through Member Online, or you can complete the Open an Income Account form in the PDS or download the form from our website.

Who can use a Transition to Retirement Income account?

You can use it if you are:

• Under age 65 and have reached your preservation age, and
• Still working.

A financial adviser can help you work out if this account is right for you.

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1 QInvest Limited (ABN 35 063 511 580, AFSL 238274) is a separate legal entity responsible for the financial services it provides. Advice fees may apply. Refer to the Financial Services Guide for more information.

2 Grace is not real and this hypothetical case study is provided for illustrative purposes only.
How does it work?

The Transition to Retirement Income account works just like our Retirement Income account, with many of the same rules and features. The difference is that you generally can’t withdraw any lump sum payments and the most you can withdraw as an income stream in a financial year is 10% of your account balance. In addition, investment returns in a Transition to Retirement Income account are taxed the same way as they are in an Accumulation account.

Your Transition to Retirement Income account will become a Retirement Income account when you tell us you have retired or you turn 65 (which means you will be able to access all of your super and investment returns become tax-free).

What are the tax benefits?

The investment returns on Transition to Retirement Income accounts are generally taxed at the concessional tax rate of 15%. After age 60, any payments you receive are tax-free, and even before age 60, you could benefit from a tax offset. By using this strategy, you could be better off than if you were taxed at your marginal tax rate (which is why using it in conjunction with salary sacrificing works to grow your super).

How Rachel switched to part-time work and gave her income a boost

Rachel3 planned to retire when she turned 58, but decided she actually wanted to stay working for longer and would instead cut back her hours in the office every week. She dropped her hours down and opened an Income account using the transition to retirement option.

By doing this, Rachel can now work less and draw on her super, which means she could end up taking home the same amount of income as she did when she was working full-time.

What if I have a QSuper Defined Benefit account or a State or Police account?

If you use some of your QSuper Defined Benefit to open a Transition to Retirement Income account, your Defined Benefit account multiple will decrease proportionately to the amount you transfer. Contributions can still be paid to your Defined Benefit account. Remember, once money is transferred out of your Defined Benefit account, you cannot transfer it back.

If you have a State or Police account, you should consider obtaining personal financial advice before opening a Transition to Retirement Income account.

More information is available in our Defined Benefit Guide, which is available on our website.

Risks of super

For information about the risks involved in super, see our QSuper Product Disclosure Statement for Accumulation and Income Accounts or Investment Choice Guide. Download them from qsuper.qld.gov.au/pds or call us to request a copy.

1 Contribution caps apply.
2 Maximum payment amounts only relate to Transition to Retirement Income accounts.
3 Rachel is not real and this hypothetical case study is provided for illustrative purposes only.

How we invest your super

For information about investment options and how QSuper invests your money, check our QSuper Product Disclosure Statement for Accumulation and Income Accounts or Investment Choice Guide. Download them from qsuper.qld.gov.au/pds or call us to request a copy.
Fees and 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 (moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.

Fees and costs
This section shows the fees and other costs that you may be charged. These fees and other costs may be deducted from your account, from the returns on your investment, or from the assets of QSuper 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.

Taxes and other costs 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. The fees and other costs for each investment option are set out from this page onward.

Fees and costs for the Income account – Balanced

<table>
<thead>
<tr>
<th>Type of fee</th>
<th>Amount</th>
<th>How and when paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment base</td>
<td>0.29% p.a.</td>
<td></td>
</tr>
<tr>
<td>Performance-based</td>
<td>0.29% p.a.</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.58% p.a.</td>
<td>Fees are deducted each day before the unit price is declared.</td>
</tr>
<tr>
<td>Administration fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.16% p.a.</td>
<td>Fees are deducted each day before the unit price is declared. If you pay more than $900 in a financial year (totalled across all your Accumulation and Income accounts), we will refund any amount you pay in excess of $900 into your account in July of the following year, as long as you still have an account with QSuper at the time of the refund.</td>
</tr>
<tr>
<td>Buy-sell spread</td>
<td>Nil.</td>
<td></td>
</tr>
<tr>
<td>Switching fee</td>
<td>Nil.</td>
<td></td>
</tr>
<tr>
<td>Advice fees (relating to all members in Balanced)</td>
<td>Nil.</td>
<td></td>
</tr>
<tr>
<td>Other fees and costs*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect cost ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced</td>
<td>0.09% p.a.</td>
<td>Indirect costs cover amounts that have reduced the return on your investment but are not charged as a fee and are reflected in the unit price.</td>
</tr>
</tbody>
</table>

Additional explanation of fees and costs
*Other fees, such as activity fees, advice fees for personal advice, and insurance fees may also be charged, but these will depend on the nature of the activity, advice, or insurance chosen by you.

Note: The investment fee and indirect cost ratio are based on the fees and costs for the financial year ended 30 June 2019, and may differ from future fees and costs.

1 For more information see the Additional explanation of fees and costs on pages 13 and 14.
Fees and costs for QSuper Diversified and Single Sector options

The fees and costs that apply to our other investment options are provided below.

<table>
<thead>
<tr>
<th>Fees</th>
<th>Moderate</th>
<th>Socially Responsible1</th>
<th>Aggressive</th>
<th>Cash</th>
<th>Diversified</th>
<th>International</th>
<th>Shares</th>
<th>Australian</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment base fee (p.a.)</td>
<td>0.18%</td>
<td>0.64%</td>
<td>0.32%</td>
<td>0.06%</td>
<td>0.16%</td>
<td>0.07%</td>
<td>0.07%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-based fee (p.a.)</td>
<td>0.15%</td>
<td>0.08%</td>
<td>0.32%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment fee (p.a.)</td>
<td>0.33%</td>
<td>0.72%</td>
<td>0.64%</td>
<td>0.06%</td>
<td>0.16%</td>
<td>0.07%</td>
<td>0.07%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration fee (p.a.)</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.16%</td>
<td>0.16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect cost ratio (p.a.)</td>
<td>0.05%</td>
<td>0.18%</td>
<td>0.09%</td>
<td>0.00%</td>
<td>0.20%</td>
<td>0.01%</td>
<td>0.01%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total fees and costs (p.a.)</td>
<td>0.54%</td>
<td>1.06%</td>
<td>0.89%</td>
<td>0.22%</td>
<td>0.52%</td>
<td>0.24%</td>
<td>0.24%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The investment fee and indirect cost ratio are based on the fees and costs for the financial year ended 30 June 2019, and may differ from future fees and costs.

Fees and costs for Self Invest

Because Self Invest is a direct investment option that lets you choose how your super is invested (from term deposits, exchange traded funds (ETFs) and shares), fees are deducted differently to our other investment options.

<table>
<thead>
<tr>
<th>Type of fee</th>
<th>Amount</th>
<th>How and when paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment fee</td>
<td>Access fee</td>
<td>$299 p.a.</td>
</tr>
<tr>
<td></td>
<td>Cash management fee</td>
<td>0.40% p.a. of daily cash balance.</td>
</tr>
<tr>
<td>Administration fee</td>
<td>0.16% p.a.</td>
<td>Fees are calculated daily and deducted from your Self Invest transaction account monthly. If you pay more than $900 in a financial year (totalled across all your Accumulation and Income accounts), we will refund any amount you pay in excess of $900 into your account in July of the following year, as long as you still have an account with QSuper at the time of the refund.</td>
</tr>
<tr>
<td>Other fees and costs</td>
<td>Activity fee</td>
<td>Order value</td>
</tr>
<tr>
<td></td>
<td>Brokerage fee</td>
<td>up to $10,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$10,001 – $27,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$27,501+</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>Term deposits</td>
<td>Nil.</td>
</tr>
<tr>
<td></td>
<td>Shares</td>
<td>Nil.</td>
</tr>
<tr>
<td></td>
<td>ETFs</td>
<td>0.03% p.a. – 0.59% p.a.</td>
</tr>
<tr>
<td>Indirect cost ratio</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

1 The Socially Responsible investment option is managed using investment principles we consider to align with sound ESG principles, more detail can be found in the Investment Choice Guide.

2 These rates do not include GST. GST is applied to the brokerage fee, and you will be entitled to a credit of 75% of any of the GST you pay. This is deducted from your Self Invest transaction account once your orders are successfully completed.
Additional explanation of fees and costs

Defined fees

<table>
<thead>
<tr>
<th>Type of fee or cost</th>
<th>How it applies to QSuper</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment fees</strong></td>
<td>The investment fee covers the costs of managing the investment of assets for each option. It’s made up of an investment base fee and a performance-based fee (except for Self Invest, see below).</td>
</tr>
<tr>
<td></td>
<td><strong>Investment base fee:</strong> This covers the management of assets within each investment option.</td>
</tr>
<tr>
<td></td>
<td><strong>Performance-based fee:</strong> This is paid to investment managers when their investment returns are above an agreed return target. We typically work it out by applying a percentage to the part of the return that’s above the agreed target. The performance-based fee for our Diversified and Single Sector options are provided on page 12.</td>
</tr>
<tr>
<td>An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:</td>
<td></td>
</tr>
<tr>
<td>a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and</td>
<td></td>
</tr>
<tr>
<td>b) costs that relate to the investment of assets of the entity, other than:</td>
<td></td>
</tr>
<tr>
<td>i) borrowing costs; and</td>
<td></td>
</tr>
<tr>
<td>ii) indirect costs that are not paid out of the superannuation entity, which the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an <em>interposed vehicle</em> or derivative financial product; and</td>
<td></td>
</tr>
<tr>
<td>iii) 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.</td>
<td></td>
</tr>
<tr>
<td><strong>Administration fees</strong></td>
<td>This fee covers the general cost of managing your super. Our administration fee is deducted daily from the unit price (except for Self Invest) and placed in a reserve, from which the costs of managing your super are paid.</td>
</tr>
<tr>
<td>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:</td>
<td></td>
</tr>
<tr>
<td>a) borrowing costs; and</td>
<td></td>
</tr>
<tr>
<td>b) indirect costs that are not paid out of the superannuation entity which the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an <em>interposed vehicle</em> or derivative financial product; and</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>Buy-sell spreads</strong></td>
<td>QSuper currently does not charge buy-sell spreads.</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td><strong>Switching fees</strong></td>
<td>QSuper currently does not charge switching fees.</td>
</tr>
<tr>
<td>A switching fee is a fee to recover the costs of switching all or part of a member’s interest in a superannuation entity from one class of beneficial interest in the entity to another.</td>
<td></td>
</tr>
</tbody>
</table>

1 An interposed vehicle is a body, trust or partnership which is a vehicle to make further investments in underlying assets or investments (including through other interposed vehicles).
<table>
<thead>
<tr>
<th>Type of fee or cost</th>
<th>How it applies to QSuper</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advice fees</strong></td>
<td>QSuper does not pay commissions to financial advisers. If you receive financial advice about your QSuper account from an authorised adviser (such as a QInvest adviser) you may be able to deduct an advice fee directly from your account. If you have this option, you will need to authorise QSuper to deduct the fee from your account. Payment of an advice fee is at QSuper’s discretion.</td>
</tr>
<tr>
<td><strong>Activity fees</strong></td>
<td>We don’t currently charge you an additional fee for:</td>
</tr>
<tr>
<td></td>
<td>• Investment switches</td>
</tr>
<tr>
<td></td>
<td>• Family law transactions</td>
</tr>
<tr>
<td></td>
<td>• Contribution splitting</td>
</tr>
<tr>
<td></td>
<td>• Obtaining information about your Accumulation account</td>
</tr>
<tr>
<td></td>
<td>• Dishonoured contributions or rollover payments</td>
</tr>
<tr>
<td></td>
<td>• Attending a QSuper seminar</td>
</tr>
<tr>
<td></td>
<td>QSuper has the right to introduce these fees in the future, but if we do, we will notify you.</td>
</tr>
<tr>
<td><strong>Indirect cost ratio</strong></td>
<td>Indirect costs reduce the unit price and investment return, but are not included in our investment fee or administration fee. Indirect costs include transactional costs (such as brokerage and stamp duty), operational and administrative costs. The indirect costs do not include borrowing costs or bid-ask spreads for exchange traded instruments.</td>
</tr>
<tr>
<td><strong>Self Invest brokerage fee</strong></td>
<td>The Self Invest brokerage fee is deducted from your transaction account every time you buy or sell shares and exchange traded funds (ETFs). Brokerage fees are only charged when orders are successfully filled. Where an order requires more than one trade to be filled (including where it takes more than one day to fill an order), only one brokerage fee will apply per day.</td>
</tr>
<tr>
<td><strong>Self Invest ETF management fee</strong></td>
<td>If you invest in ETFs through Self Invest, any investment fees and other expenses are included in the ETF management fees and are deducted from the returns of the ETF investment by the ETF managers. The prices quoted on the ASX are after fees and expenses have been deducted by the ETF managers.</td>
</tr>
</tbody>
</table>
### Transactional and operational costs (for investment options excluding Self Invest)

Each investment option incurs transactional and operational costs, which includes items such as:

- **Brokerage**: A fee charged by an agent or an agent’s company to conduct transactions between buyers and sellers for services such as purchases, sales or advice on a transaction.
- **Stamp duty**: A charge applied by a government in relation to the transfer of land or property.
- **Settlement and clearing costs**: Costs charged by a stock exchange through which assets are traded.
- **Buy-sell spreads**: Costs associated with the purchase or sale of assets.
- **Operating costs**: Other administrative costs incurred by interposed vehicles and in connection with investing in assets.
- **Investment manager fees**: Fees paid to investment managers. The investment fee (explained on page 13 and provided on pages 11 and 12 for each option) also includes other costs (such as fees for custodial services), which range from 0.00% to 0.03% p.a. and are included in the table below. The investment manager fee is the investment fee minus these costs and therefore is, depending on the investment option, equal to, or close to equal to, the investment fee.

The main transactional and operational costs per investment option (other than investment manager fees) are identified in the table below. They have already been included in the investment fee and/or indirect cost ratio and as such are reflected in the unit price.

<table>
<thead>
<tr>
<th>Investment option</th>
<th>Principal Cost (p.a.)</th>
<th>Secondary Cost (p.a)</th>
<th>Other (p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td>Operating costs</td>
<td>Brokerage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.02%</td>
<td>0.02%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Balanced</td>
<td>Operating costs</td>
<td>Brokerage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.05%</td>
<td>0.03%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Socially Responsible</td>
<td>Transaction costs</td>
<td>Operational</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.17%</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Aggressive</td>
<td>Operating costs</td>
<td>Brokerage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.05%</td>
<td>0.03%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Cash</td>
<td>Custody costs</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Diversified Bonds</td>
<td>Operating costs</td>
<td>Transaction cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.11%</td>
<td>0.09%</td>
<td>0.01%</td>
</tr>
<tr>
<td>International Shares</td>
<td>Custody costs</td>
<td>Brokerage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Australian Shares</td>
<td>Custody costs</td>
<td>Brokerage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Note:** “Other” includes, transactional and operational costs not shown as principal or secondary costs or investment manager fees. Where actual costs are not available, reasonable estimates based on historical information have been used and included in the amounts shown in this section.

### Operating costs of property investments (for Self Invest)

ETF management fees are transactional and operational costs for Self Invest and range between 0.03% and 0.59% p.a. The management fee for each ETF can be found on the Self Invest investment menu available at qsuper.qld.gov.au/selfinvest-etfs

<table>
<thead>
<tr>
<th>Investment option</th>
<th>Property operating costs (% p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td>0.11%</td>
</tr>
<tr>
<td>Balanced</td>
<td>0.22%</td>
</tr>
<tr>
<td>Socially Responsible</td>
<td>0.02%</td>
</tr>
<tr>
<td>Aggressive</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

### Transactional and operational costs for Self Invest

ETF management fees are transactional and operational costs for Self Invest and range between 0.03% and 0.59% p.a. The management fee for each ETF can be found on the Self Invest investment menu available at qsuper.qld.gov.au/selfinvest-etfs

1 Costs are based on 2018-19 financial year information and may differ from future costs. QSuper has relied on information and estimates supplied by its investment managers and service providers.
Borrowing costs\(^1\)
Borrowing costs are incurred by our external investment managers who invest in assets such as property and infrastructure. The main borrowing costs reflect interest payments on loans entered into to acquire these assets, or for their ongoing maintenance. Borrowing costs (to the extent known) are not included in the investment fee or indirect cost ratio, but are reflected in the net earnings and the unit price. The borrowing costs for each option, where applicable, are shown in the following table:

<table>
<thead>
<tr>
<th>Investment option</th>
<th>Borrowing costs (% p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td>0.23%</td>
</tr>
<tr>
<td>Balanced</td>
<td>0.45%</td>
</tr>
<tr>
<td>Aggressive</td>
<td>0.49%</td>
</tr>
</tbody>
</table>

Implicit trading costs\(^1\)
Implicit trading costs are determined by an assessment of the difference between the price paid for acquiring an asset and the price that would be payable if it were disposed of at that time. The implicit trading costs for the Socially Responsible investment option is 0.16%. For our other investment options (excluding Self Invest), the implicit trading costs range between 0.00% and 0.11% p.a.

Taxation
QSuper can claim tax deductions for certain costs of operating the fund. Depending on the nature of the deduction, the tax benefit associated with these deductions are either directly passed back to members, indirectly passed back to members through the tax provisioning process, or are retained in the fund for the benefit of all members.

For more information on the tax that applies to super, see page 17.

Changes to our fees and costs
QSuper can change the fees which you may be charged. You will be given at least 30 days’ notice before any increase in administration, insurance, or advice fees takes effect. For the latest information on fees, see our website at qsuper.qld.gov.au/fees

Under Government legislation, if your account balance with a superannuation fund is less than $6,000 at the end of the financial year (30 June) or on exit, the total combined amount of administration and investment fees, and indirect costs that can be charged to you is capped at 3% of your account balance as at 30 June or for the proportionate period if you exit. Any amount charged in excess of this cap must be refunded within three months of the end of the financial year.

Reserves
General Reserve
QSuper maintains a General Reserve to ensure there are sufficient funds to meet our current and future liabilities for administration costs, strategic initiatives and operational risk. The General Reserve is funded through the administration fee, which is deducted from all accounts administered, and the investment revenue earned on the General Reserve.

Insurance Reserve
The QSuper Board stopped self-insuring its members from 1 July 2016. There remains a liability for projected future claims that are covered under the insurance arrangements in place prior to 1 July 2016. The Insurance Reserve continues to hold insurance premiums previously deducted from members’ Accumulation accounts for self-insurance cover, so the QSuper Board can meet its ongoing self-insurance obligations.

Unallocated Contributions Reserve
The Unallocated Contributions Reserve bears the risk of any movement in investment earnings during the contributions allocation process.

Operational Risk Financial Requirement Reserve
The purpose of the Operational Risk Financial Requirement (ORFR) Reserve is to make sure there are sufficient funds to cover the cost of the member component of operational risk events if these ever arose. Any funding required to maintain the ORFR Reserve at the target amount will be sourced from:

- Surplus investment earnings within the ORFR Reserve and the General Reserve, or
- Surplus investment earnings on allocated monies that are not attributable to any member or employer group, or
- The administration fee, which is deducted from all accounts administered.

\(^1\) Costs are based on 2018-19 financial year information and may differ from future costs. QSuper has relied on information and estimates supplied by its investment managers and service providers.
How super in an Income account is taxed

One of the great benefits of super is that in a Retirement Income account, the investment earnings are tax-free. In the Transition to Retirement Income account, the investment earnings are generally taxed at a concessional tax rate of 15%.

Once you turn 60, you do not pay any tax on your Income account payments. Even if you are under 60, there are some great tax breaks on payments from an Income account.

Do we have your tax file number (TFN)?

It is important that we have your tax file number (TFN). It is not an offence not to quote your TFN. However, providing your TFN to your super fund will have the following advantages (which may not otherwise apply):

- Your super fund will be able to accept all types of contributions to your account(s)
- The tax on employer contributions to your super account(s) will not increase
- Other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your super benefits
- It will make it much easier to trace different super accounts in your name so that you receive all your super benefits when you retire.

If you have a Transition to Retirement Income account and your employer is contributing to your QSuper Accumulation or Defined Benefit account, they should give us your TFN within 14 days of when you give it to them, or when they first make a contribution for you – whichever occurs first.

For more information, see our Tax Explanation factsheet.

Tax-free and taxable components

Your super is made up of two components – a taxable component and a tax-free component. You should have some understanding of these components, as you may have to pay tax on the taxable component.

You do not pay any tax on the withdrawal of the tax-free component of your super.

For more information on tax-free and taxable components, please see our Accumulation Account Guide and our Tax Explanation factsheet.

How am I taxed on my lump sum withdrawals?

Any lump sum withdrawals you make will have the same tax-free/taxable component split as your Retirement Income account balance. For example, if your super is made up of a 60% taxable component and 40% tax-free component, any withdrawals you make must be made up of the same split.

If you are 60 or over, you do not pay any tax on any of your payments. Any lump sum withdrawal will reduce your $1.6m transfer balance cap. Please refer to our Tax Explanation factsheet for more information about the transfer balance cap.

However, if you are over your preservation age but under age 60, you do not necessarily have to pay tax on your taxable component because of the low rate cap. This means any lump sum payments you receive from your taxable component up to this cap ($210,000 for the 2019–20 financial year) are tax-free. The low rate cap is a lifetime limit, so each withdrawal you make contributes to the cap. Once you have exceeded the cap, you will pay tax on the taxable component while you are under 60.

<table>
<thead>
<tr>
<th>Your age</th>
<th>Tax on taxable component</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 or over</td>
<td>No tax payable.</td>
</tr>
<tr>
<td>Reached preservation age but under age 60</td>
<td>No tax payable on the taxable component up to the low rate cap amount of $210,000 (2019–20 financial year).</td>
</tr>
<tr>
<td>The balance is taxed at a maximum rate of 15%, plus applicable levies.</td>
<td></td>
</tr>
<tr>
<td>Under preservation age</td>
<td>Taxed at a maximum rate of 20%, plus applicable levies.</td>
</tr>
</tbody>
</table>

Ben

Ben is 58 and has a Retirement Income account. He makes a lump sum withdrawal from his super, with $70,000 of it coming from his taxable component.

With the current low rate cap of $210,000, Ben can withdraw another $140,000 from the taxable component before he has to start paying tax on the remaining taxable component of any withdrawals he makes, whilst under age 60.

If the low rate cap increases, he will also be able to withdraw the additional amount tax-free.

The table below outlines the tax payable on the taxable component of your lump sum withdrawals. There is no tax payable on the tax-free component at any age.

1 Ben is not real and this hypothetical case study is provided for illustrative purposes only.
2 The Australian Government reviews the low rate cap each year against the average weekly ordinary times earnings of Australians, and adjusts the cap in increments that are rounded down to the nearest $5,000.
3 Depending on your circumstances, a 2% Medicare levy may also apply.
How am I taxed on income stream payments?

If you are under 60 and receiving regular income payments, you may have to pay tax on the taxable component of your super. However, the amount of PAYG tax deducted from your payment may be reduced if you are entitled to the 15% tax offset. The tax offset will automatically apply as soon as we receive your Tax File Number Declaration form.

The table below shows the tax payable on your Income account payments:

<table>
<thead>
<tr>
<th>Your age</th>
<th>Tax on taxable component</th>
<th>Tax on tax-free component</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 or over</td>
<td>No tax payable.</td>
<td>No tax payable.</td>
</tr>
<tr>
<td>Preservation age to age 60</td>
<td>Taxed at marginal tax rates with 15% offset available.1</td>
<td>No tax payable.</td>
</tr>
<tr>
<td>Under preservation age</td>
<td>Taxed at marginal tax rates with no offset available.1</td>
<td>No tax payable.</td>
</tr>
</tbody>
</table>

15% tax offset available if payment is a disability super payment.

Barbara

Barbara² opened a Retirement Income account with a balance of $800,000 on 1 July 2019 – $250,000 of which was a tax-free component.

Barbara was born on 30 June 1961 and was 57 when she opened her Income account.

She has not made any lump sum withdrawals and chose to take an annual income of $40,000, which includes a $12,500 tax-free component.

This is how Barbara’s situation looks:

| A Gross annual income            | $40,000                                      |
| B Tax-free component             | $12,500²                                    |
| C Net taxable income (A minus B) | $27,500                                      |
| D Tax at 2019-20 rates x C       | $1,767²                                     |
| E Tax offset C x 15%             | $4,125                                      |
| F Tax payable (D minus E)        | $0                                           |
| Net annual income (A minus F)   | $40,000⁵                                     |
| Effective tax rate (F/A) x 100   | 0%                                           |

How is my death benefit taxed?

The way tax applies to a death benefit depends on several factors, such as:

- The age of the person receiving the benefit
- Your age when you pass away
- Whether the person receiving the benefit is a dependant.

A dependant for tax purposes is:

- Your current or former spouse
- Your child under age 18 (biological, adopted, a stepchild or ex-nuptial child, your spouse’s child, or your child within the meaning of the Family Law Act 1975)
- Someone who had an interdependent⁶ relationship with you at the time of your death
- Anyone else financially dependent on you just before your death.

1 Plus applicable levies (e.g. Medicare).
2 Barbara is not real and this hypothetical case study is provided for illustrative purposes only.
3 The tax-free component = $250,000/$800,000 = 31.25%. 31.25% of $40,000 = $12,500.
4 Barbara’s tax on her taxable income is calculated as follows: (($27,500 – $18,200) x 0.19) = $1,767. Please note this calculation does not take into account the 2% Medicare levy or any applicable tax offsets. Please refer to the ATO website for further information on individual income tax rates.
5 Doesn’t include any applicable levies such as the Medicare levy, or eligibility for any other tax offsets.
6 Someone is interdependent if (a) they have a close personal relationship with you, (b) you live together, (c) you provide each other financial support and (d) one/each of you provide the other with domestic support and personal care. Someone is also interdependent if you have a close personal relationship but none of the other criteria apply because either or both of you suffer from a physical, intellectual or psychiatric disability.
### Super death benefits paid to a:

#### Dependant for taxation purposes

<table>
<thead>
<tr>
<th>Age of deceased</th>
<th>Age of recipient</th>
<th>Tax on taxable component</th>
<th>Tax on tax-free component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any age</td>
<td>Any age</td>
<td>0% – tax-free</td>
<td>0% – tax-free</td>
</tr>
<tr>
<td><strong>Ongoing income payments</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 60 and above</td>
<td>Any age</td>
<td>0% – tax-free</td>
<td>0% – tax-free</td>
</tr>
<tr>
<td>Below age 60</td>
<td>Above age 60</td>
<td>0% – tax-free</td>
<td>0% – tax-free</td>
</tr>
<tr>
<td>Below age 60</td>
<td>Marginal tax rates (15% tax offset)&lt;sup&gt;3&lt;/sup&gt;</td>
<td>0% – tax-free</td>
<td></td>
</tr>
</tbody>
</table>

#### Non-dependant for taxation purposes

<table>
<thead>
<tr>
<th>Age of deceased</th>
<th>Age of recipient</th>
<th>Tax on taxable component</th>
<th>Tax on tax-free component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any age</td>
<td>Any age</td>
<td>15% tax rate&lt;sup&gt;1&lt;/sup&gt;</td>
<td>0% – tax-free</td>
</tr>
</tbody>
</table>

Some conditions apply around a lump sum death benefit being treated as a superannuation death benefit for tax purposes. The Death Benefit Guide has more information about this.

### Death benefit paid to a legal personal representative

We do not deduct any tax when we pay your legal personal representative your death benefit, but it will then be their responsibility to deduct tax from any amount they pay to a non-dependant beneficiary.

### Military and police services

If a member was a police officer, protective service officer, or member of the defence force, and they died in the line of duty, their lump sum death benefit is entirely tax-free even if it is paid to a non-dependant.

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<sup>1</sup> In some circumstances there may be an untaxed element which may have a different tax treatment. Please see our Death Benefit Claim Guide for more information.

<sup>2</sup> If you are the recipient of a reversionary superannuation income stream your transfer balance cap may be affected. You should seek financial advice if you think you may be affected.

<sup>3</sup> Plus applicable levies (e.g. Medicare levy).  

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The QSuper Board does not guarantee the investment performance of the QSuper Income account or the repayment of capital. If there’s any difference between what we say in this guide and QSuper’s Trust Deed, the Trust Deed will prevail. You can access the Trust Deed, also known as the Superannuation (State Public Sector) Deed 1990 (Qld), at legislation.qld.gov.au or from qsuper.qld.gov.au

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