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**MERCER SUPERANNUATION (AUSTRALIA) LIMITED**

**ABN 79 004 717 533**

**(‘Trustee’)**

**MERCER MASTER FUND**

**MERCER RETAIL DIVISION**

**(A DIVISION OF THE MERCER SUPER TRUST)**

**CONSOLIDATED DESIGNATED RULES**

**PART A**

**Being Master Deed dated 28 June 1995 as amended by**

**Amending Deed dated:**

**27 March 2017**

**30 August 2018**

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# MERCER MASTER FUND

## Designated Rules for the Retail Division

(A DIVISION OF THE MERCER SUPER TRUST)

### Part A

For Plans that we have determined are governed by Part A

#### 1. INTERPRETATION

##### 1.1 Definitions

In these Designated Rules:

**'Account'** means, a Member Account or a Plan Account and for a particular Plan, means the Member Accounts and/or Plan Account (if any) held for that Plan.

**'Another Fund'** means, in relation to a fund, a superannuation or other benefit arrangement other than the Plan, and includes another complying superannuation fund, Division, Plan or Member Account in the MST;

**"Benefit Specification"** means in relation to a Member or Employer the details relating to participation in the Division and set out in a form agreed with us;

**'Binding Nomination Form'** of a Member means a notice:

- (a) given to us by the Member;
- (b) which we have accepted;
- (c) which nominates the Member's legal personal representative and/or one or more of the Member's Dependants as the beneficiary or beneficiaries of the Member's death benefit.

**'Child'** of a person includes:

- (a) any child born after the death of the person;
- (b) an adopted child, a step-child or an ex-nuptial child of the person;
- (c) a child of a person's spouse;
- (d) someone who is a child of the person within the meaning of the Family Law Act 1975 (Cth.); and
- (e) any other person who is a child for the purposes of Superannuation Law.

**'Commencement Date'** means, in relation to a Plan, the date set out in the Schedule as the commencement date of the Plan.

**'Dependant'** of a Member means:

- (a) a Spouse of the Member;
- (b) a Child of the Member;
- (c) any person we consider is (or was at the date of death of the Member) wholly or partly dependent on the Member; and
- (d) any person with whom the Member has (or, at the date of death, had) an Interdependency Relationship.

**'Designated Rules'** means the Designated Rules for the Retail Division and in relation to Plans that we have determined are governed by Part A, means the Designated Rules set out in this Part A.

**'Division'** means this Retail Division of the MST.

**'Eligible Member'** means a Member who we determine:

- (a) is eligible for insurance cover; and
- (b) for whom insurance cover is maintained under a Plan,

However, Eligible Member does not include a Member to the extent that the Member has elected to opt out of a particular type of insurance cover. For the avoidance of doubt, where a Member elects to opt out of a particular type of insurance cover, the Member will not be an Eligible Member for the purposes of that type of insurance cover only.

**'Employee'** means, in relation to a Plan:

- (a) a person who is employed by an Employer; or
- (b) a director or officer of an Employer; or
- (c) any other person the Employer tells us is an Employee for the purpose of the Plan;

**'Employer'** means:

- (a) in relation to a Plan, each employer participating in the Plan; and
- (b) in relation to a Member, the Employer by which that Member is employed.

**'Fund'** means the trust known as the Mercer Super Trust established under the Master Deed.

**'Group Life Insurance'** means death or disability insurance held by us in respect of a Member (on a group or individual basis).

**'Interdependency Relationship'** has the meaning given to that term by section 10A of the *Superannuation Industry (Supervision) Act 1993*.

**'Master Deed'** means the trust deed dated 28 June 1995 which provided for the establishment of the Mercer Master Fund.

**'Member'** means, a person who has been accepted as a member under rule 5.1 and who has not ceased to be a Member under rule 5.5.

**'Member Account'** means an account established under rule 10.1.

**'Member Account Balance'** means in relation to a Member the value of the Member's Member Account at any particular time.

**'Mercer Direct Investment Portfolio'** means a Portfolio we offer as an investment option with specified kinds of assets and made available for investment for Members subject to terms and conditions we determine.

**'MySuper Plan'** means the "MySuper Plan" under rule 16.

**'MySuper Portfolio'** means the Portfolio we designate from time to time as the Portfolio in which the assets of the MySuper Plan are invested.

**'MySuper Product'** means the class of beneficial interest we are authorised to offer as a MySuper product under Superannuation Law for the purposes of this Division.

**'Normal Retirement Date'** means the Member's 65th birthday or any other date contained in the relevant Schedule.

**'Plan'** means a Plan set up under a Schedule. In relation to a Sponsor, an Employer and a Member means respectively the Plan established at the Sponsor's request, the Plan in which the Employer has been permitted to participate and the Plan to which the Member has been admitted.

**'Plan Account'** means an account established under rule 11.1.

**'Portfolio'** has the meaning set out in the Master Deed and for a Plan, means the particular Portfolios that we have agreed with the Sponsor to make available for that Plan.

**'Review Date'** means, in relation to a Plan:

- (a) 1 July; or
- (b) any other date contained in the Schedule.

**'Schedule'** in relation to a Plan means the document signed by us and the Sponsor to establish the Plan and which is designated as the Schedule for that Plan (as amended from time to time).

**'Splittable Contributions'** has the meaning given to those words in regulation 6.42 of the *Superannuation Industry (Supervision) Regulations* 1994.

**'Splitting Application'** means an application made by a Member under rule 14.7(a).

**'Spouse'** of a person includes:

- (a) the Member's husband, wife, widow or widower;
- (b) another person (whether of the same sex or a different sex) with whom the Member is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of s 22B of the Acts Interpretation Act 1901 (Cth) as a kind of relationship prescribed for the purposes of that section (and which has not been revoked or terminated in accordance with State or Territory law);
- (c) another person who, as contemplated by Superannuation Law, although not legally married to the Member, lives (or immediately before the person's death, lived) with the Member on a genuine domestic basis in a relationship as a couple;
- (d) any other person, who, for the purposes of Superannuation Law, would be regarded as the spouse of the Member.

**'Superannuation Law'** has the meaning set out in the Master Deed.

**'Tax'** has the meaning set out in the Master Deed.

**'Tax Deduction'** means, in relation to a deceased Member, the amount of the tax deduction that is reasonably likely to be allowable to the MST in relation to the Fund in respect of the payment of the death benefit in relation to that member as a result of the operation of section 295-485 of the Income Tax Assessment Act 1997(Cth).

**'Termination Date'** means, in respect of a Plan, the date referred to in rule 3.4

**'Total and Permanent Disablement'** subject to Superannuation Law, in respect of an Eligible Member:

- (a) if there is a relevant policy of insurance in force - means disablement which the insurer determines qualifies as permanent disablement under that policy;  
or
- (b) if there is no relevant policy of insurance in force - means disablement due to an illness or injury as a result of which:

- (i) the Member has been continuously absent from active employment for six months; and
- (ii) we determine (after considering any medical or other evidence we require) the Member is sufficiently incapacitated to be unlikely ever to engage in any gainful employment for which the Member is reasonably qualified by education, training or experience.

**'Unit'** has the meaning set out in the Master Deed.

**'We'** or **'us'** means the trustee for the time being of the MST.

## 1.2 Words and Phrases

In these Designated Rules:

- (a) unless otherwise defined, or unless a contrary intention appears, words and phrases have the same meaning as in Superannuation Law;
- (b) the term:
  - (i) 'amendment' includes an addition, variation, deletion and substitution;
  - (ii) 'beneficiary' includes a contingent beneficiary, a potential beneficiary, a Member and a pensioner;
  - (iii) 'for example' is only illustrative and means including without limitation;
  - (iv) 'including' means including without limitation;
  - (v) 'may' confers absolute discretion on the person entitled to exercise a right or power conferred but does not infer any obligation to exercise that right or power;
  - (vi) 'person' includes:
    - (A) a body corporate and any other person recognised at law;
    - (B) a partnership and any other group or association;
    - (C) a governmental authority,but the expression 'natural person' must be given its normal meaning;
- (c) any power, right or discretion given under these Designated Rules, for example, the power to determine or agree, may be exercised:
  - (i) from time to time; and
  - (ii) generally or in any particular case;

- (d) reference to a benefit is taken to be a reference to all or part of that benefit;
- (e) the singular includes the plural and vice versa; and
- (f) a reference to a rule of the Designated Rules in this Part A is a reference to the rule of that number in this Part A; and
- (g) words implying one gender include the other genders.

### **1.3 Similar Terms**

A term similar to any term defined in these Designated Rules has a corresponding meaning, for example, 'Totally and Permanently Disabled' has a corresponding meaning to 'Total and Permanent Disablement' and 'amend' has a corresponding meaning to 'amendment'.

### **1.4 Law**

- (a) References to any law includes that law as amended, re-enacted or replaced and any law that supersedes that law.
- (b) References to any law includes any regulation, binding determination and ruling made in connection with that law.

### **1.5 Schedules and Designated Rules**

Each Schedule is part of these Designated Rules. To the extent of any conflict the Schedule prevails unless specifically stated otherwise either in these Designated Rules or in a Schedule.

### **1.6 Severance**

Any provision of these Designated Rules (including any Schedule) which is:

- (a) invalid in whole or in part; or
- (b) would need to be limited or read down in order to be valid,

is severed or limited or read down to the extent of the invalidity, but the remainder of the provision continues in full force and effect.



## **1.7 Express References**

- (a) An express reference to one matter (including a rule or law) must not be taken as excluding other matters (including rules or laws).
- (b) An express reference in these Designated Rules to a rule must not be taken to infer that that rule does not have relevance to other rules which do not contain specific references.
- (c) References to these Designated Rules or any rule of these Designated Rules includes the Designated Rules or rule as amended, re-enacted or replaced.

## **1.8 Headings and Index**

The index and headings in these Designated Rules are for convenience and do not affect the meaning of these Designated Rules.

## **1.9 Compliance with Superannuation Law paramount**

- (a) Notwithstanding anything else in the Designated Rules, we, each Sponsor, each Employer and each beneficiary must comply with Superannuation Law.
- (b) To the extent that a provision of these Designated Rules would be void under Superannuation Law because it allows a person (other than us) to exercise a discretion or to give us a direction, then
  - (i) that discretion; or
  - (ii) that direction,is taken by the Designated Rules to be exercisable only with our consent (which may be given or withheld at our discretion).
- (c) To the extent that any other action or inaction envisaged by these Designated Rules would not be permitted by Superannuation Law, the Designated Rules are to instead to be read as requiring that action or inaction be done to the extent permitted by or in a manner consistent with Superannuation Law.

## **1.10 Policies and rules**

We may make any rules and set any policies about any matter to do with the administration of the Division and/ or any Plan.

### **1.11 Electronic notification**

To the greatest extent permitted by Superannuation Law, where we are required to give a Member or other beneficiary any information (or make that information available to them), we may do so using any electronic means we consider appropriate.

## **2. COOLING OFF**

### **2.1 Cooling off Period**

If we issue Units in respect of a Member following a contribution or transfer being made to a Plan and:

- (a) the contributor or Member, as relevant, requests redemption of those Units; and
- (b) Superannuation Law requires us to redeem those Units,

then we must redeem those Units and pay to, or at the direction of, the relevant person the amount calculated in accordance with Superannuation Law.

## **3. SETTING UP A PLAN**

### **3.1 Applications to set up a Plan**

- (a) A person may ask us set up a Plan in the Division to provide superannuation benefits to certain customers identified by that person.
- (b) If we agree to set up a Plan, that person becomes the Sponsor of that Plan
- (c) The rights and obligations of the Sponsor and its relationship to us, and the provisions for that Plan, are set out in these Designated Rules and in the Schedule for that Plan.
- (d) The Sponsor can invite customers and employers to participate in the Plan as set out in that Schedule.

### **3.2 Schedule**

The Schedule for a Plan may set out:

- (a) the name of the Plan;

- (b) the Commencement Date for the Plan;
- (c) the name of the Sponsor for the Plan;
- (d) to the extent the features of the Plan are different to the features set out in these Designated Rules:
  - (i) the features of the Plan (such as, the Portfolios that will be offered through the Plan, the insurance arrangements that will apply to the Plan and the default settings of the Plan); and
  - (ii) any special terms or conditions that will apply to the Plan (including alternative arrangements on termination of the Plan to the arrangements set out below).
- (e) the terms on which the Plan will be offered to customers;
- (f) any additional or different rights and obligations we or/and the Sponsor will have in relation to that Plan;
- (g) any other matters that we agree with the Sponsor should be in the Schedule.

### **3.3 Sponsor Powers/Discretions**

Except where the Schedule or other agreement (signed by the Sponsor) otherwise requires, in the exercise of their powers and discretions under these Designated Rules, each Sponsor:

- (a) has absolute discretion:
  - (i) to exercise that power or discretion;
  - (ii) not to exercise that power or discretion;
  - (iii) to partly exercise that power or discretion; and
- (b) may exercise that power or discretion in its own interest;
- (c) is not under any fiduciary obligation in the exercise or non-exercise of the power or discretion.

### **3.4 Terminating a Plan**

- (a) Unless otherwise set out in the Schedule, we must terminate a Sponsor's Plan if:
  - (i) the Sponsor asks us in writing to do so; and

- (ii) Superannuation Law allows us to do so.
- (b) We may terminate a Plan in the circumstances set out in the Schedule for that Plan and must do so if the Schedule requires.
- (c) Unless otherwise set out in the Schedule, we may terminate a Sponsor's Plan on 6 months' written notice to the Sponsor.
- (d) If a Sponsor ceases to carry on business for any reason or becomes insolvent or bankrupt:
  - (i) the Sponsor immediately ceases to be the Sponsor of that Plan and will no longer have any rights in relation to the Plan; and
  - (ii) we can exercise any of the rights or powers of the Sponsor in these Designated Rules (and Schedule). Those rights and powers will be exercised by us solely in our interests (or the interests of beneficiaries of the Plan if required by Superannuation Law); and
  - (iii) at any time after a Sponsor ceases to carry on business or becomes insolvent or bankrupt, we may terminate the Plan.
- (e) The Termination Date is the date determined under the Plan Schedule as the Termination Date, or, if none:
  - (i) 6 months after the date we receive the Sponsor's direction under sub-rule 3.4(a) or any date we agree with the Sponsor; or
  - (ii) the date we determine where the Plan is terminating under rules 3.4(b), 3.4(c) or 3.4(d)(iii).
- (f) On termination of a Plan, we must redeem all of the Units (if any) attributable to that Plan and apply the Plan's assets in the following order of priority:
  - (i) all costs, expenses and liabilities which have been incurred or are likely to be incurred in respect of the Plan (including the termination of the Plan);
  - (ii) paying to or in respect of each Member, the Member Account Balance of the Member. But if the assets of the Plan are not sufficient, the amount to be applied in respect of all Members under this rule must be proportionately reduced;
  - (iii) any balance (if any) in a Plan must be dealt with as set out in the Schedule;
  - (iv) if the Schedule does not deal with how any balance is dealt with, any balance in a Plan must be dealt with as we decide.

### 3.5 Securing of Entitlements

- (a) We may make any arrangements we consider appropriate in securing any entitlements of a Member or beneficiary on the termination of a Plan, including:
  - (i) the purchase of an annuity; or
  - (ii) the transfer of assets representing the entitlement to Another Fund. For clarity, this could include a transfer to any other part of the Fund, another Plan, a Division or between Member Accounts under the Master Deed or any part of these Designated Rules; or
  - (iii) payment to the Member or beneficiary,or any combination of the above. We may do so without the Member's or the beneficiary's consent and may do so even if the arrangement is contrary to the particular beneficiary's wishes.
- (b) However, where a Plan terminates (and the Sponsor has not ceased to carry on business and has not become bankrupt) and the Sponsor makes a Request, then we must comply with that Request if Superannuation Law permits.

A “**Request**” is where the Sponsor has chosen a new superannuation arrangement to which the beneficiaries of the Plan and their assets can be transferred and asks us to transfer those beneficiaries and assets of the Plan to that new superannuation arrangement.

### 3.6. Our Discharge on Transfer

- (a) On completion of any annuity purchase, transfer, payment or other arrangement under rule 3.5:
  - (i) no person (including any contingent beneficiary) has any right against us; and
  - (ii) we are discharged from our obligations,in respect of the former arrangement.
- (b) No person (including any contingent beneficiary) has any right against us in respect of any money or assets transferred to another complying superannuation fund.
- (c) We have no responsibility to enquire about the application of any money or assets transferred to another complying superannuation fund.

## **4. EMPLOYER POWERS**

### **4.1 Dismissal from employment**

Nothing in these Designated Rules:

- (a) affects any power an Employer may have to dismiss or pay an Employee; or
- (b) may be used in a claim for damages on dismissal or otherwise.

### **4.2 Employer Powers/Discretions**

In the exercise of their powers and discretions under these Designated Rules, each Employer has an absolute discretion to exercise or not exercise that power or discretion and to do so in its own interests.

### **4.3 Employer leaving a Plan**

- (a) An Employer may choose to no longer contribute to the Plan for its employees.
- (b) We may give an Employer written notice we will not accept contributions to the Plan (generally or for specific member/s).

## **5. MEMBERSHIP**

### **5.1 Becoming a Member**

- (a) A person becomes a Member of a Plan:
  - (i) from the date we accept the person's application for membership; or
  - (ii) from the date the person is automatically admitted as a Member under any automatic admission arrangement set by us from time to time.
- (b) We may:
  - (i) reject any application; or
  - (ii) refuse to admit any person as a Member, without giving a reason.

## **5.2 Information and Evidence**

Each Member must:

- (a) give the information and evidence; and
- (b) sign the documents; and
- (c) undergo the medical examinations and tests; and
- (d) satisfy the other requirements,

as and when we reasonably require.

## **5.3 Special Restrictions or Conditions**

We may:

- (a) admit a Member to a Plan on special terms, conditions and restrictions agreed with Sponsor, the Member or the Member's Employer;
- (b) apply special terms, conditions, and restrictions on:
  - (i) benefits; and
  - (ii) contributions,in respect of any Member:
  - (A) who fails to comply with any of the requirements rule 5.2; or
  - (B) whose medical examination or test results are not satisfactory; or
  - (C) whose statement or evidence contains a misstatement, mistake, inaccuracy or omission; or
- (c) remove or change any special terms, conditions and restrictions previously imposed.

## **5.4 Categories of Members**

We must allocate Members to the category of membership in the Plan as required by the Schedule or, if there is no requirement, to the category we decide is appropriate.

## **5.5 Ceasing to be a Member**

A person ceases to be a Member of a Plan when all benefits which are or may be payable in respect of the Member from that Plan have been paid, transferred or otherwise ceased or applied (including in the purchase of an annuity or pension from an institution).

## **6. MEMBER INVESTMENT CHOICE**

### **6.1 Choice of Portfolio by Member**

- (a) We may invite some or all of the Members of a Plan to choose to invest some or all of the Member Account of the Member by reference to one or more Portfolios.
- (b) A Member may make that choice in a form agreed with us.

### **6.2 Revocation or Variation by Member**

If we agree, a Member may:

- (a) revoke or change their previous choice under rule 6.1;
- (b) make further choices under rule 6.1.

### **6.3 Revocation or Variation by us**

We may revoke or vary any choice made by a Member under rules 6.1 or 6.2:

- (a) as required by Superannuation Law;
- (b) in respect of a Plan, as requested by the Sponsor of that Plan (subject to Superannuation Law); or
- (c) as we consider appropriate.

### **6.4 Our Liability**

Without limiting clause 21 of the Master Deed, we are not liable or responsible for any cost, loss, expense or detriment suffered by any person as a result of the exercise, partial exercise or non-exercise of any power exercisable by us under this rule 6 including any detriment suffered if we do not act on any election by a Member or any delay by us in doing so.



## **7. POLICY COMMITTEES**

### **7.1 Member and Employer Representation**

If required by Superannuation Law, we will set up one or more Policy Committees for a Plan.

### **7.2 Policy Committees**

If we are required to set up one or more Policy Committees for a Plan under Superannuation Law, we will establish, administer, dissolve, reform or replace those Policy Committees as necessary in accordance with Superannuation Law.

### **7.3 Our Expenses**

We are entitled to recoup costs relating to Policy Committees from the assets of the Plan in accordance with Superannuation Law.

## **8. FEES AND EXPENSES**

### **8.1 Membership Fee**

We may deduct and retain for our own use out of each Plan a fee of \$150 pa for each Member in the Plan pro rataed for each day we act as trustee of the MST.

We will calculate this fee as at the last day of each month based on the number of Members in each Plan on that day.

### **8.2 Mercer Direct Investment Portfolio Account Fees**

We may deduct and retain for our own use out of each Member's Member Account a fee for the assets invested in the Mercer Direct Investment Portfolio. The amount of that fee is \$300 per annum, calculated on the number of days a Member was invested in the Mercer Direct Investment Portfolio and is payable monthly by the Member.

### **8.3 Contribution and Benefit Payment Fees**

We may deduct and retain for our own use:

- (a) out of each contribution, Government co-contribution and transfer accepted into a Plan, a fee equal to 5.0% of the amount contributed or transferred; and

- (b) out of each benefit payment or transfer made from a Plan or the Fund, a fee of \$250 for that benefit payment or transfer.

#### **8.4 Tax Reimbursement Fee**

We may deduct and retain for our own use a fee of \$800 from each Member for whom we claim from the Commissioner of Taxation a tax offset for tax we previously paid in respect of no-TFN contributions income (as defined in the Income Tax Assessment Act 1997) which relates to that Member if all other benefits to which the Member is entitled have been paid from the Fund.

#### **8.5 Switching Fee**

We may deduct and retain for its own use out of the proceeds of a switching request the sum of \$250 for each switching request.

#### **8.6 Indexation of Fees**

At the end of each calendar year we may increase the dollar amounts referred to in rules 8.1 - 8.5 by the amount of the increase (if any) for the year to 31 May in that calendar year in respect of the average weekly adult ordinary time earnings as published by the Australian Bureau of Statistics. The revised dollar amounts apply for the whole of the following calendar year.

#### **8.7 Reimbursement of Expenses**

In addition to our right of indemnity under clause 18 of the Master Deed we are also entitled to recover out of each Plan the following costs, charges and expenses in relation to that Plan:

- (a) setting up the Plan;
- (b) disbursements in connection with the acquisition or disposal of any asset, including commission and brokerage;
- (c) any Tax or reimbursement of Tax properly charged in connection with the Plan;
- (d) all costs in connection with the initiation, carriage, defence and settlement of any tribunal or court proceedings;
- (e) arranging transfers of groups of Members into and out of a Plan;

- (f) all other costs, charges and expenses incurred in connection with the administration, maintenance, management or operation of the Plan; and
- (g) any other costs, charges and expenses incurred in connection with the administration, maintenance, management or operation of this Division that we consider should equitably be allocated to that Plan.

## **8.8 Allocation of Fees and Expenses**

Amounts paid or payable to us under this rule 8 must be allocated in accordance with rule 12.2.

## **8.9 Reimbursement of expenses as an expense recovery fee**

We may from time to time recover some or all of the expenses to which we are entitled to be indemnified (under Rule 8.5 or clause 18 of the Master Deed) by charging a monthly expense recovery fee of 1.0% per annum of the redemption price of all the Units issued in respect of that Plan or its Members.

## **9. CONTRIBUTIONS - GENERAL PROVISIONS**

### **9.1 Employer Contributions**

- (a) An Employer may contribute for any Member, any amount that we are permitted by Superannuation Law to accept for that Member.
- (b) A company associated with an Employer may make contributions under sub-rule (a) on behalf of that Employer.

### **9.2 Member Contributions**

A Member may contribute any amount that we are permitted by Superannuation Law to accept from that Member.

### **9.3 Other contributions**

We may accept any amount for a Member from any source permitted by Superannuation Law.

## **9.4 Contributions other than Cash**

We may accept contributions other than in cash including, for example, superannuation guarantee shortfall vouchers. These contributions will be valued in accordance with clause 11 of the Master Deed.

## **9.5 Contributions Paid by Mistake**

We must repay contributions or Government co-contributions which:

- (a) we determine were paid by mistake, unless:
  - (i) Superannuation Law prevents that repayment; or
  - (ii) we otherwise agree with the person who mistakenly paid the amount;  
or
- (b) we should have refused to accept under clause 10 of the Master Deed.

## **9.6 Payment of Contributions**

- (a) We can set rules about the times and the manner of contributions paid to a Plan.

For example, some Plans may be electronic-only hence we may only accept contributions paid electronically for those Plans.

- (b) We can refuse to accept any contributions from any person at our discretion.

# **10. MEMBERS' ACCOUNTS**

## **10.1 Accounts**

We must establish and maintain a Member Account for each Member.

### **Member Account**

10.2 We must credit to each Member's Member Account:

- (a) any contributions received in respect of the Member under rule 9;
- (b) any amounts credited to this Account under rule 11.2;
- (c) any proceeds received from any insurer in respect of the Member;

- (d) the portion of any amount transferred into the Plan in respect of the Member which we determine is appropriate to credit to this Account;
- (e) any tax offset received by us for tax we previously paid in respect of no-TFN contributions income (as defined in the Income Tax Assessment Act 1997) which relates to that Member; and
- (f) any other amount which we consider appropriate to credit to that Account.

**10.3 We must debit to each Member's Member Account:**

- (a) any amount debited to this Account under rule 12.2;
- (b) any amount which we determine to debit to this Account because of a roll over, transfer or allotment to Another Fund;
- (c) any amount which is permitted by Superannuation Law to be debited to a Member Account and which the Member (in accordance with any form we prescribe), requests us to debit to the Member's Member Account;
- (d) any benefit amount paid to or in respect of the Member (not already debited under paragraphs (b) or (c));
- (e) any premiums relating to insurance provided for the Member (not already debited under paragraph (a));
- (f) any amount for Taxes; and
- (g) any other amount which these Designated Rules require to be debited to this Account or we consider is appropriate and equitable to debit to this Account.

**10.4 Selection of Portfolio**

If there is no current choice under rule 6 for any part of a Member's Member Account, we may choose one or more Portfolios by reference to which that part of the Member Account is to be invested. We may change that choice from time to time.

**10.5 Issue of Units**

Upon amounts being credited to a Member Account, Units referable to any unitised relevant Portfolios must be created and issued in accordance with the Master Deed. Those Units will be held by us until they are redeemed or cancelled under rule 10.6.

## **10.6 Redemption of Units**

Upon amounts being debited to a Member Account, we will redeem and cancel Units referable to the relevant unitised Portfolios and held by us in relation to that Member Account in accordance with the Master Deed.

## **11. PLAN ACCOUNTS**

### **Maintenance and Operation**

11.1 We may establish and maintain a Plan Account for a Plan.

11.2 We may credit to the Plan Account for a Plan:

- (a) any part of the amount we are entitled to deduct under rule 8 that we decide to credit to the Plan Account;
- (b) any part of the amount debited to Member Accounts under rule 12.2 that we agree to credit to the Plan Account;
- (c) any amounts transferred to the Plan that are not allocated to Member Accounts; and
- (d) any other amount required to be credited to that Plan's Plan Account under the Schedule for the Plan;
- (e) any other amount we agree with the Sponsor be credited to the Plan Account; and
- (f) any other amount we consider appropriate to credit to that Plan's Plan Account.

11.3 We may debit to a Plan Account for a Plan:

- (a) amounts set out in the Schedule to be debited to the Plan Account;
- (b) any Plan costs or expenses that the Sponsor agrees be paid from the Plan Account;
- (c) amounts applied under rule 11.4;
- (d) reasonable amounts relating to the costs or expenses of the Plan Account or any Tax referable to the amounts credited to the Plan Account; and
- (e) any other amount we consider appropriate and equitable to debit to that Account.

#### **11.4 Discretionary Application of Plan Account**

We must apply the amounts in the Plan Account of a Plan:

- (a) as set out in the Schedule for that Plan; or
- (b) as agreed with the Sponsor.

#### **11.5 Selection of Portfolio**

The amounts in the Plan Account are to be invested in one or more Portfolios:

- (a) as we agree with the Sponsor from time to time; or
- (b) if there is no agreement at the particular time, as we determine.

#### **11.6 Issue of Units**

When amounts are credited to a Plan Account, we must create and issue Units referable to the relevant unitised Portfolio/s in accordance with the Master Deed. We will hold those Units until they are redeemed or cancelled under to rule 11.7.

#### **11.7 Redemption of Units**

When amounts are debited to a Plan Account, we must redeem and cancel Units referable to the relevant Portfolio/s held by us in relation to that Plan Account in accordance with the Master Deed.

#### **11.8 Our Liability**

Without limiting clause 21 of the Master Deed, we are not be liable or responsible for, or in connection with, any cost, loss, expense or detriment suffered by any person as a result of the exercise, partial exercise or non-exercise of any power exercisable by us under this rule 11, including, any detriment suffered as a result of failing to act on any agreement with a Sponsor or any delay by us in doing so.

### **12. ACCOUNTS - GENERAL PROVISIONS**

#### **12.1 Sub-Accounts**

We may:

- (a) establish sub-accounts within any Account for a Plan; and

- (b) maintain and operate any sub-account for any purpose and in any manner:
  - (i) set out in the Schedule for that Plan; or
  - (ii) we consider appropriate.

## **12.2 Account Expenses**

- (a) Subject to clause 3 of the Master Deed and any Schedule for that Plan, each Member's share of the Account expenses and Group Life Insurance premiums for a Plan must be:
  - (i) deducted from contributions or Government co-contributions before they are credited to the Member Account; or
  - (ii) debited to the Member Account; or
  - (iii) dealt with in any other manner determined by us; or
  - (iv) any combination of (i), (ii) or (iii),whichever we determine.
- (b) We may make:
  - (i) any deduction or debit under this rule on an estimated basis; and
  - (ii) appropriate subsequent adjustments to take account of any difference between estimated and actual amounts.

## **12.3 Closing of Accounts**

- (a) We must close a Member Account after all benefits which could become payable from the Plan in respect of the Member have been transferred or otherwise paid or applied. Any amount remaining in a Member Account at that time is forfeited to the Plan.
- (b) We may close a Member Account:
  - (i) if the Member Account Balance falls below or is likely to fall below zero or any other minimum balance which we determine;
  - (ii) if certain terms and conditions determined by us have not been complied with by the Member; or
  - (iii) at the request of the Member,and take any action in relation to any amount remaining in the Member Account as we determine.



- (c) Where a Member Account is closed under rule 12.3 the Member will no longer be entitled to any insurance cover under the Plan.

## 13. BENEFITS

### Amount of the Benefit

- 13.1 The total amount of the benefit payable in respect of a Member at a particular time is that Member's Account Balance at that time.

### Payment of Benefits

- 13.2 We will pay to a Member that part of the Member's Account Balance that the Member asks us to pay as long as Superannuation Law permits us to make that payment.
- 13.3 We must pay to the person entitled to a benefit that part of any benefit that Superannuation Law requires be paid.
- 13.4 We may impose reasonable conditions on the payment of any benefit.

### Death Benefits

- 13.5 On the death of a Member, we must pay any remaining Account Balance of that Member ("**benefit**"):
  - (a) If a Binding Nomination Form of the Member is valid and in effect under rule 13.6 then the benefit must be paid in accordance with the Binding Nomination Form.
  - (b) If the benefit is not required to be paid under sub-rule (a) then the benefit must be paid to:
    - (i) one or more of the Member's Dependants;
    - (ii) the Member's legal personal representative; or
    - (iii) any combination of (i) and (ii),as we determine, and in the proportions as we determine.
  - (c) If:
    - (i) the benefit is not required to be paid under sub-rule (a); and
    - (ii) a Dependant or legal personal representative of the Member has not been located under sub-rule (b),then the benefit may be paid to any one or more natural persons we determine.

## Binding Nominations

13.6 A **Binding Nomination Form** of a Member is:

- (a) invalid if:
  - (i) any nominee in the Binding Nomination Form was not a Dependant or legal personal representative of the Member at the time of the Member's death;
  - (ii) the proportion of the benefit to be paid to any nominee in the Binding Nomination Form is not clear from the form;
  - (iii) the Binding Nomination Form is not in the form or in accordance with the guidelines set by us from time to time;
  - (iv) the Member marries after the date of the Binding Nomination Form;
  - (v) any nominee in the Binding Nomination Form died before the Member;
  - (vi) the Member was legally incapable of making the Binding Nomination Form;
  - (vii) it is unlawful for us to pay the benefit to any nominee in the Binding Nomination Form; or
  - (viii) the Binding Nomination Form was not completed in accordance with Superannuation Law; and
- (b) not in effect:
  - (i) if a period of three years (or a shorter period determined by us) has elapsed from the day the Binding Nomination Form was signed or last confirmed or amended by the Member;
  - (ii) if the Binding Nomination Form was revoked by the Member by giving us written notice in the form specified by us and in accordance with Superannuation Law;
  - (iii) if and for so long as we are prevented from making a payment in respect of the Member due to the operation of the Family Law Act 1975 or an order made under that Act; or
  - (iv) if the Member was subject to a Court order at the date of the Member's death prohibiting the Member from completing a Binding Nomination Form or requiring the Member to revoke a Binding Nomination Form that is otherwise valid and in effect.

## **Form of Benefits**

- 13.7 We may agree with the Member (or any other person entitled to the Member's benefit) the form in which the benefit will be paid. That agreement is final and binding on all persons, including any person with a contingent entitlement.
- 13.8 We may purchase a pension or annuity from a suitable institution, and every person will be bound by our decision and the terms on which the pension or annuity is arranged.
- 13.9 Any pension or annuity we consider is a trivial amount may be paid in lump sum form.

## **Proof of Entitlement**

- 13.10 We may delay payment of a benefit until any proof of entitlement we require is given to us.

## **Beneficiary under Disability**

13.11 If:

- (a) a beneficiary (including a Member) is under a legal disability (for example, if the beneficiary is a minor); or
- (b) it becomes apparent to us that the beneficiary is unable to manage his or her affairs,

we may apply the whole or part of the benefit:

- (c) towards the maintenance or education of the beneficiary; or
- (d) directly for the benefit of the beneficiary; or
- (e) to a guardian, trustee, spouse, parent or child of the beneficiary or some other person we consider has the care and custody of the beneficiary for the time being.

- 13.12 Any payment or application under rule 13.11 is a complete discharge to us for the amount paid or applied and no person has a right of action against us for that amount on any grounds.

## **Transfer to a Plan**

13.13 We may accept money or other assets from:

- (i) Another Fund;
- (ii) a Member;
- (iii) a prospective Member; or

(iv) any other person,

in respect of a Plan, a Member or a prospective Member and in doing so may make whatever special arrangements we consider appropriate.

### **Transfer from a Plan**

13.14 If a Member becomes or is eligible to become a member of Another Fund, we may transfer all or part of the Member's Member Account Balance to that Another Fund:

- (A) with the consent of the Member; or
- (B) without the consent of the Member if permitted under Superannuation Law.

13.15 We may transfer all or part of the amount which we consider represents the benefit to which a beneficiary is then entitled to Another Fund:

- (A) with the consent of the beneficiary; or
- (B) without the consent of the beneficiary if permitted under Superannuation Law.

13.16 In relation to any transfer from a Plan to Another Fund, we may set a minimum transfer amount and impose other conditions as we consider appropriate.

13.17 The amount transferred to another complying superannuation fund under rules 13.14 or 13.15 must be treated as a benefit payment for the purpose of clause 13 of the Master Deed.

## **14. REDUCTIONS IN BENEFITS**

### **14.1 Taxation**

- (a) We must comply with the law relating to the deduction and payment of Tax.
- (b) We must:
  - (i) deduct any Tax which the law requires us to deduct; and
  - (ii) pay that Tax to the proper authority at the appropriate time.
- (c) We may adjust any benefit payable or which may become payable to or in respect of a Member if a tax, surcharge or governmental impost is or may become payable from the Fund, any Plan or the Division in respect of:
  - (i) the Member;
  - (ii) any payment of or transfer of money to or from the Fund, Plan or the Division; or

(iii) anything to be done pursuant to these Designated Rules.

We may adjust a benefit under this sub-rule in any manner as we consider appropriate, including altering the basis of calculation of any benefit.

(d) We must adjust (either or both of):

(i) the amount of; and

(ii) conditions relating to,

any benefits, contributions or Government co-contributions as a result of changes in Tax or Tax arrangements.

(e) Any adjustment under this rule will have immediate effect without the necessity of amending these Designated Rules.

(f) We may make provision for Tax in the accounts of each Plan.

## **14.2 Deductions and Forfeiture**

(a) We may deduct:

(i) any amount which the Member owes to us or to the Member's Plan;  
and

(ii) any amount we think is necessary to compensate the Member's Plan for loss as a result of the Member's fraud, dishonesty or other misconduct,

from any benefit payable in respect of a Member, except to the extent that Superannuation Law prevents that deduction.

(b) Any amount deducted under sub-rule (a) must be retained in the Plan to be used as we consider appropriate.

## **14.3 Assignment of Benefit**

(a) A beneficiary must not assign or charge any benefit under a Plan.

(b) Any benefit which a beneficiary assigns or charges is automatically forfeited, except to the extent that Superannuation Law prevents the forfeiture.

(c) A beneficiary is not taken to have assigned or charged a benefit by becoming bankrupt.

- (d) We may apply any benefit (or portion of a benefit) which is forfeited under sub-rule (b) for:
  - (i) the benefit of the beneficiary concerned or (if permitted by Superannuation Law) the Dependants of that beneficiary; or
  - (ii) the general purposes of the relevant Plan.

#### 14.4 Insurance Offset

If:

- (a) insurance is not obtained in respect of some or all Members on the insurer's standard terms; or
- (b) the level or scope of insurance obtained is restricted in respect of any, some or all Members; or
- (c) the insurer does not admit or pay all or part of a claim in respect of a Member; or
- (d) the Member is not an Eligible Member on the date of death or disablement (as applicable) for any reason,

we must reduce any benefit which is otherwise payable on the death or disablement (or both death and disablement) of the Member concerned.

#### 14.5 Spouse Contribution Splitting

- (a) A Member may ask us to roll over, transfer or allot an amount to the Plan or to Another Fund for the benefit of their Spouse (a **Splitting Application**). The amount requested to be rolled over, transferred or allotted is the Member's Splittable Contributions made by or on behalf of the Member in respect of the preceding financial year or, where Superannuation Law permits, the current financial year.
- (b) The Splitting Application must be made in accordance with:
  - (i) Superannuation Law; and
  - (ii) such conditions, forms and procedures as we may determine from time to time.
- (c) We:
  - (i) are not required to accept a Splitting Application;
  - (ii) may accept a Splitting Application if to do so does not contravene Superannuation Law.

- (d) We may roll over, transfer or allot an amount to Another Fund to give effect to a Splitting Application we have accepted under sub-rule (c).
- (e) The amount to be rolled over, transferred or allotted to Another Fund under sub-rule (d) must be treated as a benefit payment for the purpose of clause 13 of the Master Deed.

## **15. AMENDMENTS**

### **15.1 Power to Amend**

- (a) We may amend these Designated Rules (including this rule but excluding the Schedules) by deed or resolution to the extent that it is permitted under Superannuation Law.
- (b) With the consent of the Sponsor, we may amend the Schedule for their Plan to the extent that amendment is permitted under Superannuation Law

### **15.2 Retrospective Effect**

Any amendment under rule 15.1 takes effect:

- (a) on any effective date specified in the agreement, deed or resolution of amendment; or
- (b) if no effective date is specified, on the date the deed of amendment is executed or the resolution or agreement is made.

## **16. MYSUPER**

16.1 If Superannuation Law requires an amount of any Member of this Division to be attributed to a MySuper product, then the following rules apply:

- (a) Except to the extent set out in paragraph (b), the MySuper product for Plans governed by Part A of these Designated Rules is Mercer MySuper and clauses 3(a) and 28.2 of the Master Deed apply.
- (b) To the extent that we are required by Superannuation Law to offer a MySuper product for the Virgin Money Superannuation Plan, the following rules apply:
  - (i) At commencement of the Virgin Money Superannuation Plan:
    - (A) the MySuper product for the Virgin Money Superannuation Plan is Virgin Money MySuper; and

- (B) the MySuper Portfolio for Virgin Money MySuper is LifeStage Tracker Portfolio. We will invest all assets of the Plan attributable to Virgin Money MySuper in the LifeStage Tracker Portfolio. From time to time, we may agree with the Sponsor to change the MySuper Portfolio of the Virgin Money Superannuation Plan.
- (ii) We must take all actions necessary to ensure that we comply with the MySuper Requirements and may establish Virgin Money MySuper Rules in respect of Virgin Money MySuper.
- (iii) The MySuper interest of a Virgin Money MySuper Member is determined under the Designated Rules and the Schedule for the Virgin Money Superannuation Plan and is subject to the MySuper Requirements and any Virgin Money MySuper Rules.
- (iv) To the extent that a provision of the Designated Rules or the Schedule of the Virgin Money Superannuation Plan conflicts with the MySuper Requirements, the MySuper Requirements prevail.
- (v) Any Virgin Money MySuper Rules must comply with the MySuper Requirements at all times and are void to the extent that they do not do so.
- (vi) To the extent that Superannuation Law requires certain provisions of Superannuation Law to be included in the governing rules for Virgin Money MySuper, those provisions are deemed to be included in these Designated Rules (and/or the Schedule) for the time and to the extent that Superannuation Law requires them to be included.
- (c) A MySuper Member or a Virgin Money MySuper Member may choose a different Portfolio at any time for all or part of their Account Balance as set out in Rule 6.
- (d) In Rule 16.1:
- “Virgin Money MySuper Rules”** means any written rule, guideline, business policy or requirement we make relating to Virgin Money MySuper
- “Virgin Money MySuper”** means the MySuper product we are authorised by the Australian Prudential Regulation Authority to provide for the Virgin Money Superannuation Plan
- “Virgin Money Superannuation Plan”** means the Plan established under rule 3.1 for Virgin Money Financial Services Pty Ltd as the Sponsor.



## 16.2 Insurance

"**Insured Benefit**" means in relation to an Eligible Member, subject to rule 16.2, the amount of any insurance we hold for a Member and is paid to us by the insurer in the event of the death or Total and Permanent Disablement (as applicable) of the Member.

The amount of an Insured Benefit in respect of a MySuper Member will be the amount:

- (a) chosen by the Member and agreed by us from time to time. (This amount could be zero); or
- (b) if no amount is agreed, then the amount, if any, that we have determined is the default amount of insurance for MySuper Members.

## 17. NON MYSUPER MEMBERS in MYSUPER OPTION

- (a) Unless paragraph (b) applies, the same level of insurance cover for death and Total and Permanent Disablement benefits which is provided to the MySuper Members will also be provided to the Members wholly or partially invested in the MySuper Portfolio who are not MySuper Members.
- (b) The same level of insurance cover for death and Total and Permanent Disablement benefits will not apply to each Member invested in the MySuper Portfolio who is not a MySuper member:
  - (i) to the extent that the Member has been provided a higher level of insurance cover;
  - (ii) to the extent that the Member has opted out of that insurance cover. A Member may elect to opt out of either:
    - (A) the cover for Total and Permanent Disablement benefits only; or
    - (B) the cover for death and Total and Permanent Disablement benefits; or
  - (iii) to the extent that contrary special terms and conditions or restrictions apply to that Member, for example, under rules 5.3 or 14.4.

**This document is a Consolidation of the amendments listed below  
and is a Working Copy Only**

**MERCER SUPER TRUST**

**RETAIL DIVISION**

**PLAN SCHEDULE**

**between**

**MERCER SUPERANNUATION (AUSTRALIA) LIMITED  
ABN 79 004 717 533**

**("Trustee")**

**and**

**VIRGIN MONEY FINANCIAL SERVICES PTY LTD.  
ABN 51 113 285 395**

**("Sponsor")**

**Being Plan Schedule dated 30 June 2016 as amended by Amending Deed dated:**

**9 December 2016**

## Schedule for Virgin Money Super Plan

### 1. Meaning of words

'We', 'us' means Mercer Superannuation (Australia) Limited

"Fund" means Virgin Superannuation ABN 88 436 608 094.

"Initial Term" is the time period from the Commencement Date to the 10<sup>th</sup> anniversary of the Commencement Date.

**Intellectual Property** means:

- (a) all intellectual property rights, whether protected by statute or common law in Australia or elsewhere in the world, including copyright, trademarks, designs, patents and circuit layouts; and
- (b) any application or right to apply for registration of any rights connected with intellectual property rights in paragraph (a).

'Parties' means You and us

'You' means the Sponsor of this Plan, Virgin Money Financial Services Pty Ltd ABN 51 113 285 395

### 2. Plan set up

- (a) You have asked us to establish a Plan for you as the Sponsor. We agree and this Schedule establishes that Plan. The Plan will commence on:
  - (i) 1 December 2016; or
  - (ii) a later date we agree with you in writing.
- (b) The name of the Plan is **Virgin Money Super** and at commencement, will have the benefit design set out in the Product Specification attached to the Schedule.
- (c) As the Sponsor of the Plan, you agree that Virgin Money Super is governed by the Master Deed, the Designated Rules and this Schedule and you and us will exercise our respective rights and perform our respective obligations in relation to the Plan in accordance with these documents.
- (d) We will admit as a Member of the Plan each beneficiary transferred by the trustee of the Fund to the Plan from the Fund and allocate to the Plan all assets received from the trustee.

- (e) To the extent that the interest of any Member referred to in paragraph (d) was determined in the Fund by reference to Virgin Money MySuper, that Member's interest in the Plan at commencement will be determined by reference to Virgin Money MySuper, the MySuper for the Plan.
- (f) Each beneficiary, referred to in paragraph (d) becomes a Member from the date the trustee of the Fund transfers them to the Plan.
- (g) We will credit to each Member's Member Account the amount received from the trustee of the Fund as at the date of transfer.
- (h) We will accept an assignment of the OnePath policies - GL policy no 6096564, GL policy no 6096556, GSC policy no 6096531 and GSC policy no 6096549 as at the Commencement Date for beneficiaries transferred to the Plan from the Fund.
- (i) We will accept each employer transferred by the trustee of the Fund to the Plan from the Fund to participate in the Plan for its employees. Each employer becomes an employer of the Plan from the date the trustee of the Fund transfers them to the Plan.
- (j) Under Rule 3.1(d), you can invite:
  - (i) individuals to become Members of the Plan;
  - (ii) employers to become Employers that participate in the Plan,in accordance with the Alliance Agreement

### **3. Fees paid by Members**

- (a) We are entitled to the fees set out in Rule 8 and in clause 24 of the Master Deed.
- (b) However, until changed in accordance with paragraph 3(c) - (f) below, we agree with you that we will rebate some of these fees so that the effect for Members is as set out below.
  - (i) the effective Membership fee under rule 8.1 for each Member will be \$58 p.a. We will increase this amount from the 5 year anniversary of the Commencement Date by the change in the average of CPI and AWOTE over that 5 year period (unless we agree with you that to make this change causes the Plan to no longer be competitive – in which case we will agree an alternative outcome with you);

- (ii) the effective investment fee that forms part of the fee under clause 24 of the Master Deed for that part of any Member Account held in:
- (A) the LifeStage Tracker Portfolio will be 0.116% pa;
  - (B) Indexed Diversified Shares Portfolio will be 0.20% pa;
  - (C) Indexed Australian Shares Portfolio will be 0.20% pa;
  - (D) Indexed Overseas Shares Portfolio will be 0.20% pa;
  - (E) Enhanced Indexed Growth Portfolio will be 0.24% pa;
  - (F) Enhanced Indexed Conservative Growth Portfolio will be 0.24% pa;
  - (G) Australian Listed Property Portfolio will be 0.20% pa;
  - (H) Cash Portfolio will be 0.10% pa;
  - (I) any other Portfolio that we make available to Members of the Plan after the Commencement Date, the effective fee is the amount we agree with you from time to time,
- plus an amount, under rule 8.7, reflecting the expenses of the underlying investments. This will vary but is not generally expected to exceed 0.04%pa;
- (iii) the effective administration fee that forms part of the fee under clause 24 of the Master Deed and under rule 8.7 for each Member is 0.394% of the assets of the Plan attributable to that Member;
- (iv) the effective Insurance Administration Expense under rule 8.7, for each Member for who we have put in place insurance cover, will be \$1.50 per month for each Member. We pay the Insurance Administration Expense to the administrator of the Plan for the work done by the administrator for each Member who is insured. That amount may increase to up to \$2 per month for each Member if:
- (A) the costs the administrator charges us increase; and
  - (B) we were able to renegotiate the insurance arrangements with the current (or another) insurer so that the fee increase to \$2 per Member is offset by a reduction in premiums for the Member.

For clarity, the Insurance Fee for each Member under section 29V(10) of the Superannuation Industry (Supervision) Act 1993 is the cost of that Member's premiums plus the Insurance Administration Expense;

- (v) the effective exit fee under Rule 8.3(b), will be \$100 for each benefit payment or transfer made from the Plan;
  - (vi) the effective fee under clause 3(f)(v) of the Master Deed for splitting a Member's interest in the Plan with a Non-Member Spouse, will be \$88 for each split of that Member's interest in the Plan;
  - (vii) the effective fee under clause 3(f)(v) of the Master Deed for providing information to a Non-Member Spouse, will be \$110 each time information is required to be provided.
- (c) We will index the amount in paragraph 3(b)(v) under rule 8.6. However, the indexation measure is the average of the CPI and AWOTE changes published by the Australian Bureau of Statistics.
- (d) We do not currently charge a buy/sell spread. However, this clause 3 does not limit our ability to charge a buy/sell spread in the future if we introduce a buy sell spread for any Portfolios in which Plan assets are invested.
- (e) We can change the effective fees in this clause 3:
- (i) with your written consent; or
  - (ii) (without your consent) by giving you 60 days notice:
    - (A) to reflect the increased costs of a major change to any Superannuation Laws applying to the Plan. However:
      - (I) the amount recovered must only reflect the increase in those costs;
      - (II) where that increase in costs also impacts other parts of the MST or other clients in other products, we must apportion those costs fairly between the Plan and those other parts of the MST and those other products; and
      - (III) we may only recover the increased costs to the extent that those costs have not been recovered in another way (for example, by a payment by you to us or from shareholder funds);

For clarity, a major change includes:

- (IV) any change that has a material impact on the cost of providing the Plan; and

- (V) any group of changes that together have a material impact on the cost of providing the Plan;
- (B) if any Responsible Authority requires us to change any fees to comply with Superannuation Law. However, that change must only be the minimum required by the Responsible Authority;
- (C) to reflect changes to benefit design of the Plan agreed with you or required by Superannuation Law (that increase our costs). However, we must only change the fee to reflect those increased costs; and
- (D) to reflect changes to the costs relating to any investment of the assets of the Plan. For example, this could include increases in taxes or transaction charges relating to investments or in the costs imposed by any underlying investment manager. However:
  - (I) we must only change the fees to reflect that increase in cost; and
  - (II) before increasing the fee, we must make all reasonable efforts to identify an alternative investment that would give a similar investment exposure to those Plan assets but avoid the cost increase;
- (f) A Member or Employer may, from time to time, agree with us to pay the costs of an activity that is not included as a standard feature of the Plan. Those costs may be paid from the interest of the Member in the Plan and must be no more than the cost to us of doing that activity.
- (g) Unless expressly stated within this Schedule, or otherwise agreed between the parties in writing, no other fee or expense recovery contemplated in the Master Deed or any Rule in the Designated Rules will be charged to a Member of a Plan (in relation to that membership).

#### **4. Investment Portfolios**

- (a) We will make the following Portfolios available to Members in the Plan as at the Commencement Date:
  - (i) the LifeStage Tracker Portfolio;
  - (ii) Indexed Diversified Shares Portfolio;
  - (iii) Indexed Australian Shares Portfolio;
  - (iv) Indexed Overseas Shares Portfolio;

- (v) Enhanced Indexed Growth Portfolio;
  - (vi) Enhanced Indexed Conservative Growth Portfolio;
  - (vii) Australian Listed Property Portfolio; and
  - (viii) Cash Portfolio.
- (b) To the extent that the Member Account of a Member (who is transferred from the Fund to the Plan) is invested in:
- (i) Life Stage Tracker Balanced portfolio in the Fund, we will invest those assets at transfer in LifeStage Tracker Portfolio in the Plan;
  - (ii) Life Stage Tracker Aggressive portfolio in the Fund, we will invest those assets at transfer in LifeStage Tracker Portfolio in the Plan;
  - (iii) Australian Equities portfolio in the Fund, we will invest those assets at transfer in Indexed Australian Shares Portfolio in the Plan;
  - (iv) International Equities portfolio in the Fund, we will invest those assets at transfer in Indexed Overseas Shares Portfolio in the Plan;
  - (v) Listed Property portfolio in the Fund, we will invest those assets at transfer in Indexed Australian Listed Property Portfolio in the Plan;
  - (vi) Cash/Fixed Interest portfolio in the Fund, we will invest those assets at transfer in Cash Portfolio in the Plan;
- (c) We may agree with you, in writing, to change the Portfolios we make available for the Plan in the circumstances set out in the Designated Rules and the Master Deed.

## **5. Differences to Designated Rules**

### **(a) *Terminating the Plan (Rules 3.4 and 3.5)***

Rule 3.4 and 3.5 are replaced with Rules 3.4 and 3.5 below

#### **“3.4 Terminating a Plan**

- (a) You may give us notice in writing to terminate the Plan if:
- (i) you give notice to terminate the Alliance Agreement;
  - (ii) we become insolvent or a receiver or administrator is appointed to us;



- (iii) we go into liquidation or pass a resolution to go into liquidation (other than for reconstruction), or we are the subject of any order to be wound up;
  - (iv) our shares are acquired by another financial institution or there is a significant change to our ultimate ownership or control;
  - (v) we cease to have any licences required by Superannuation Law to act as trustee of the Fund; or
  - (vi) the Initial Term expires.
- (b) We must terminate the Plan if:
- (i) you have asked us to do so in writing in the circumstances in paragraph 3(a)(i) – (vi) above; and
  - (ii) Superannuation Law allows us to do so.
- (c) We may terminate the Plan by notice in writing to you if:
- (i) we give notice to terminate the Alliance Agreement;
  - (ii) you become insolvent or have a receiver or administrator appointed to you;
  - (iii) you go into liquidation or pass a resolution to go into liquidation (other than for reconstruction), or you are the subject of any order that you be wound up;
  - (iv) your shares are acquired by another financial institution or there is a significant change to your ultimate ownership or control; or
  - (v) the Initial Term expires.
- (d) Subject to the restrictions set out in sub-clause (i) below, where the Plan is terminated you may make a Request and we must comply with that Request if Superannuation Law permits.
- (i) You may not make a Request
    - (A) where we terminate the Plan because we exercise our right to terminate the Plan pursuant to Rule 3.4(c)(ii) and(iii) above;

- (B) in circumstances where the Alliance Agreement does not permit you to do so; or
    - (C) more than 30 days after you ask us to terminate the Plan under 3.4(a).
  - (ii) We will agree with you in good faith the terms and the procedures for implementing a Request made by you.
- (e) Unless otherwise agreed by the parties, the effective date for the termination of the Plan is:
  - (i) where the Plan is terminated and we implement a successor fund transfer following your Request, the earlier of:
    - (A) the conclusion of the successor fund transfer; or
    - (B) the date that is 12 months following your notice of termination;
  - (ii) where the Plan is terminated under rule 3.4(c)(ii) or (iii), the date that Virgin Money receives notice from the Trustee terminating the Plan;
  - (iii) where the Plan is terminated under clause 20.3(f) or (g) of the Alliance Agreement, the date that Virgin Money receives notice from the Trustee that they terminate the Alliance Agreement;
  - (iv) where **Scenario 2** applies (see paragraph (h) below), 2 months after the date of the notice we give you that we wish to keep the Transfer Members and Transfer Assets in a product where we (or a Related Body Corporate) is the trustee, provider or promoter;
  - (v) where **Scenario 3** applies (see paragraph (i) below), the date on which the Transfer Member and Transfer Assets are transferred to another provider under paragraph 3.4(i);
  - (vi) where **Scenario 4** applies (see paragraph (j) below), the date on which the members and assets of the Plan are dealt with under paragraph 3.4(j).
- (f) Where we are required to comply with your Request under rule 3.4(d) ("**Scenario 1**"), we will redeem all of the Units attributable to the Transfer Assets of the Plan and apply those assets in the following order of priority:

- (i) unless otherwise agreed by the parties, the share of all costs, expenses and liabilities which have been incurred or are likely to be incurred in respect of the Plan (including the termination of the Plan) that are attributable to the Transfer Assets or Transfer Members;
- (ii) paying to or in respect of each Transfer Member (for whom a benefit has already become payable), the Member Account Balance of the Member.
- (iii) paying in respect of each Transfer Member (for whom a benefit has not already become payable), the Member Account Balance of the Member to the superannuation arrangement you have chosen;
- (iv) but if the Transfer Assets of the Plan are not sufficient, the amount to be applied in respect of all Transfer Members in paras (ii) and (iii) under this rule must be proportionately reduced;
- (v) we must transfer any balance (if any) of the Transfer Assets in the Plan:
  - (A) to the superannuation arrangement you have chosen; or
  - (B) if (A) is not reasonably able to be done, dealt with as we decide.

We may deal with any assets and Members that are not Transfer Assets or Transfer Members as we consider appropriate.

- (g) Where there is no Request (or we are not required to comply with that Request) then we must give you notice within the Request Time: whether we wish to keep the Transfer Members and Transfer Assets in a product where we (or a Related Body Corporate) are the trustee, provider or promoter.
- (h) If we give you notice that we wish to keep the Transfer Members and Transfer Assets in a product where we (or a Related Body Corporate) are the trustee, provider or promoter ("**Scenario 2**"), we may either:
  - (i) deal with the Plan's assets under rule 3.4(f); or
  - (ii) deal with the Plan's assets as we decide.
- (i) Where we do not give you notice within the Request Time that we wish to keep the Transfer Members and Transfer Assets ("**Scenario 3**"), then we must work with you in good faith to find a trustee of

another superannuation product (that we agree with you is suitable) to which the Transfer Members and Transfer Assets can be transferred.

- (j) Where we cannot agree a suitable superannuation product with you under paragraph (i) (“**Scenario 4**”), then we must terminate the Plan and must:
  - (i) provide for all costs, expenses and liabilities which have been incurred or are likely to be incurred in respect of the Plan (including the termination of the Plan) out of the assets of the Plan;
  - (ii) deal with the Members and assets that are not Transfer Assets (or Transfer Members) as we consider appropriate;
  - (iii) redeem all of the Units attributable to the Transfer Assets and apply the Transfer Assets in the following order of priority:
    - (A) paying to or in respect of each Transfer Member (for whom a benefit has already become payable), the Member Account Balance of the Member.
    - (B) paying in respect of each Transfer Member (for whom a benefit has not already become payable), the Member Account Balance of the Member to the superannuation arrangement chosen by that Member;
    - (C) but if the Transfer Assets of the Plan are not sufficient, the amount to be applied in respect of all Transfer Members in paras (A) and (B) under this rule must be proportionately reduced;
    - (D) pay any remaining Transfer Assets to an Eligible Rollover Fund (or otherwise as Superannuation Law permits) where the trustee, provider or promoter of the receiving fund or entity is not a member of MMC Inc (as that term is defined in the Alliance Agreement)
- (k) In this rule 3.4:
  - (i) ‘**Request**’ means you request a successor fund transfer into another regulated superannuation fund in respect of the Transfer Assets.
  - (ii) ‘**Request Time**’ means the earlier of:
    - (A) 30 days from the date that you give us notice that you do not wish to make a Request; or

- (B) 30 days from the last day you could give us a Request under clause 3.4(d)(i)(C);
- (iii) **‘Transfer Assets’** has the same meaning as in the Alliance Agreement.”
- (iv) **‘Transfer Members’** means the Members whose interest in the Plan are attributable to the Transfer Assets.

### **3.5 Securing of Entitlements**

- (a) Where paragraph 3.4(h) or 3.4(f)(ii), or 3.4(j)(iii)(A) or (B) applies, we may make any arrangements we consider appropriate in securing any entitlements of a Member or beneficiary on the termination of a Plan, including:
  - (i) the purchase of an annuity; or
  - (ii) the transfer of assets representing the entitlement to Another Fund. For clarity:
    - (A) in dealing with members and assets that are not Transfer Assets or Transfer Members; or
    - (B) where paragraph 3.4(h) or 3.4(j)(ii) applies,
 

this could include a transfer to any other part of the Mercer Master Fund, another Plan, a Division or between Member Accounts under the Master Deed or any part of these Designated Rules; or
  - (iii) payment to the Member or beneficiary,

or any combination of the above. We may do so without the Member's or the beneficiary's consent and may do so even if the arrangement is contrary to the particular beneficiary's wishes.

### **3.5A Virgin Money administration or liquidation or unable to act**

- (a) Where we give notice terminating the Plan under:
  - (i) Rule 3.4(c)(ii) or (iii); or
  - (ii) Rule 3.4(c)(i) because we have terminated the Alliance Agreement under clause 20.3(f) or (g) of that Agreement,

then, despite the termination of the Plan:

- (iii) the clauses in paragraphs (C) or (D) (**'Surviving Clauses'**) below survive termination and:
  - (A) where the Plan was terminated under rule 3.4(c)(ii) or (iii), we agree that your powers under the Surviving Clauses may be exercised by the administrator or liquidator appointed to you; and
  - (B) where the Plan was terminated under Rule 3.4(c)(i) because we have terminated the Alliance Agreement under clause 20.3(f) or (g) of that Agreement, we agree that you may continue to exercise those powers under the Surviving Clauses:
  - (C) the Modified Rules that are Surviving Clauses are:
    - (1) rule 3.4(g);
    - (2) rule 3.4(h);
    - (3) rule 3.4(i);
    - (4) rule 3.4(j);
    - (5) rule 3.4(k);
    - (6) rule 3.5
    - (6) this rule 3.5A
  - (D) although not governed by these Modified Rules, for completeness, these clauses in the Alliance Agreement are Surviving Clauses:
    - (1) clause 14 (liability);
    - (2) clause 20 (termination); and
    - (3) clause 23 (confidentiality)
- (iv) we will remove any Virgin Money Intellectual Property, including the "Virgin Money" Brand, from the Plan without delay and in any case no later than 3 months from the date of notice of termination.
- (b) We must co-operate in good faith with you or the liquidator or administrator appointed to you towards promptly achieving the disengagement outcome envisaged by the Alliance Agreement and these Modified Rules.

- (c) If the administrator or liquidator is unable or unwilling to exercise those powers in the provisions in 3.5A(a)(iii), then we alone may exercise the powers and may do so in our own interests (or the interests of the beneficiaries of the Plan as appropriate).

**(b) Amending the governing rules (Rule 15)**

- (i) We agree with you that we will not:
  - (A) amend this Schedule without your consent;
  - (B) amend the Designated Rules or Master Deed without your consent to the extent that that amendment adversely changes:
    - (I) the benefit design of the Plan; or
    - (II) the fees payable by Members of the Plan; or
    - (III) Your rights or obligations as a Sponsor of the Plan; or
    - (IV) the Portfolios we have agreed with you to make available for the Plan,unless Superannuation Law requires us to make the amendment.
- (ii) With the consent of both parties, this Schedule may be amended, in writing by the parties. This may consist of a number of copies, each signed by one or more parties to the agreement. The signed copies are treated as making up the one document and the date on which the last counterpart is executed will be the date of amendment.

**(c) Terminating Portfolios (clause 8A Master Deed)**

Our powers in clause 8A of the Master Deed are intended to be exercised in the normal course of providing Portfolios for the Fund and are not intended to be an alternative way to force a termination of any Division or Plan. Therefore, we agree to not use the powers in clause 8A of the Master Deed as a way to force the termination of the Plan.

**6. Intellectual property**

**a) Ownership**

- (i) All Intellectual Property owned by us and given to you as a Sponsor remains our property.
- (ii) We grant you an irrevocable, non-exclusive, royalty-free licence (including the right to sub-licence) to use our Intellectual Property for the sole purpose of exercising your rights as Sponsor.
- (iii) We retain all Intellectual Property in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills, knowledge and

experience and any graphic or digitized representations of any of these owned by us before the Commencement Date or created or acquired by us after that date.

- (iv) Where you and we both materially contribute to the development of a particular piece of Intellectual Property after the Commencement Date, we will both own that Intellectual Property and both continue to have full rights to use and deal with that Intellectual Property (even after the Plan terminates). For the avoidance of doubt, Brand, Marks and Trademarks for the respective parties are not subject to this paragraph.
- (v) We may not use your Intellectual Property except where agreed with you in writing.
- (vi) We acknowledge and agree that you own all Intellectual Property rights in the member communication material predominantly created by you.
- (vii) Where you agree to us using your Intellectual Property, you give us a non-exclusive royalty-free licence (without the right to sub-licence) to use your Intellectual Property:
  - (A) in the manner and form agreed with us
  - (B) or the sole purpose of us acting as trustee of the Mercer Master Fund that includes the Plan
  - (C) until the earlier of:
    - (I) the Plan terminating; or
    - (II) you ceasing to be Sponsor of the Plan.
- (viii) When the licence terminates each party must immediately return the Intellectual Property of the other to that other party. For clarity, where you and we both own a piece of Intellectual Property, when the licence terminates, we may each continue to own and use that Intellectual Property.

**(b) Protection**

You agree with us that when either party exercises its rights under the Designated Rules or this Schedule, it will not take any action which would adversely affect the value of the Intellectual Property of the other. This does not apply to the Intellectual Property that both parties own.

**7. Liability**

- (a) We are not liable to you (or any beneficiary) to the extent that the liability arises from acting on your instruction, notice, agreement or consent.
- (b) You are not liable to us to the extent that the liability arises from you acting on our instructions, notice, agreement or consent.