

# Westpac Group Plan

## Product Disclosure Statement

1 April 2023

Defined Benefit Pensions (including spouse pension)  
(former Westpac Staff Superannuation Plan members)



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# About this Product Disclosure Statement

Westpac Banking Corporation ABN 33 007 457 141 (referred to as your Employer or Westpac) has chosen to provide superannuation and pension benefits for its eligible members through the Defined Benefit section of the Westpac Group Plan (referred to as your Plan\*) within the Employer Super section in the Corporate Superannuation Division (CSD) in the Mercer Super Trust.

\*Any reference in this PDS to 'your Plan' means a reference to the Defined Benefit section, unless otherwise specified.

This Product Disclosure Statement (PDS) only applies to members in the Defined Benefit section of your Plan who were defined benefit members of the former Westpac Staff Superannuation Plan and is a summary of the main features of the defined benefit pensions available to eligible members. You should read the information in this PDS before making a decision about the defined benefit pensions available in the Plan.

The information, including the case studies (examples), contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. Before acting on this information, you should consider whether it is appropriate to your objectives, financial situation or needs. You should get financial advice tailored to your personal circumstances.

You can get a copy of this PDS at [mercersuper.com.au/westpacgroupplan](https://mercersuper.com.au/westpacgroupplan) or by calling the Plan's Defined Benefit Helpline on **1800 227 262**. The information in this PDS may change. You can obtain updated information that is not materially adverse at [mercersuper.com.au/westpacgroupplan](https://mercersuper.com.au/westpacgroupplan) or by calling the Helpline to request a copy of the information free of charge. Changes that are materially adverse will be advised to you as required by law.

Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533 Australian Financial Services Licence (AFSL) 235906 is the trustee of the Mercer Super Trust ABN 19 905 422 981. In this PDS, MSAL is called trustee, we or us.

Mercer Outsourcing (Australia) Pty Ltd (MOAPL) ABN 83 068 908 912 AFSL 411980 and Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 AFSL 244385 are named in this PDS and have consented to being so named.

The trustee has an agreement with Australian Administration Services Pty Limited ABN 62 003 429 114, which is part of the Link Group (Link), to provide administration services, including the Helpline, for the Defined Benefit section of the Plan.

Mercer Consulting (Australia) Pty Ltd (MCAPL) ABN 55 153 168 140 provide actuarial and advisory services.

MSAL, MOAPL, MIAL and MCAPL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

MSAL is responsible for the contents of this PDS and is the issuer of this PDS.

MOAPL, MIAL, MCAPL, Mercer, Link and Westpac are not responsible for the issue of, or any statements in, this PDS. They do not make any recommendation or provide any opinion regarding the defined benefit pension, your Plan or the Mercer Super Trust.

MSAL, MOAPL, MIAL, MCAPL, Mercer, Link and Westpac do not guarantee the investment performance, earnings, or the return of any capital invested in the Mercer Super Trust.

'MERCER' is an Australian registered trademark of Mercer.

# How to contact us

## Helpline

Call the Helpline for the Defined Benefit section of your Plan on **1800 227 262** from 8.30am to 5.30pm AEST Monday to Friday.

## Email

Email the Helpline for the Defined Benefit section of your Plan at **wsspadmin@linksuper.com**.

## Online

**mercersuper.com.au/westpacgroupplan**

You can access information on our website such as:

- an online *Mercer Super Trust Annual Report* to bring you up to speed on what's happened in the Mercer Super Trust and your Plan over the year. You can also request a hard copy free of charge from the Helpline
- news and updates
- information from our wealth education experts.

## By mail

### General correspondence and forms

Westpac Group Plan – Defined Benefits  
c/ Link Group  
Locked Bag A4055  
Sydney South NSW 1235

### To write to the trustee

Mercer Superannuation (Australia) Limited  
GPO Box 4303  
Melbourne VIC 3001

## We'll keep you informed

After your pension is established, we will send you a welcome letter confirming your pension details.

We will also send you an annual notice, usually in December each year, advising you of the indexation that applies to your pension effective 1 January, as well as an annual Pay As You Go (PAYG) Payment Summary (if required).

To help with the administration of your pension, please let us know if you change address, bank accounts or personal details. We can only pay your pension and send you information if we have your current address and account details

## Keep your contact details up to date

We can only send you information and pay your pension if we have your current contact and bank account details. You can update your details by calling the Defined Benefit Helpline.

We will send member communications to you by post (including significant event notices).

## Member privacy

We collect, use and disclose personal information about you in order to manage your pension benefits and give you information about your pension.

Our *Privacy Policy* outlines the type of information we keep about you and how we, and any organisations we appoint to provide services on our behalf, will use this information. If you do not provide the personal information requested, we may not be able to manage your pension.

You can read our *Privacy Policy* online at [mercerc.com.au/privacy](https://mercerc.com.au/privacy) or you can obtain a copy by calling the Helpline. The policy also includes details about how you may lodge a complaint about the way we have dealt with your information and how we will handle that complaint.

The administrator for the Defined Benefits section of your Plan is Australian Administration Services Pty Limited, which is part of the Link Group. A copy of Link's Privacy Policy is available at [linkgroup.com/docs/Link\\_Group\\_Privacy\\_Policy.pdf](https://linkgroup.com/docs/Link_Group_Privacy_Policy.pdf).

## Make an enquiry or complaint

If you need to make an enquiry, we are here to help.

You can call the Helpline or download copies of documents from our website [mercercsuper.com.au/documents](https://mercercsuper.com.au/documents).

Some of these documents include:

- the insurance contract with the Insurer, sometimes called the policy document
- the trust deed that governs the operation of the Mercer Super Trust
- the designated rules covering the general operation of your Plan.

You can make an enquiry to access any personal information we hold about you or information we hold in relation to a claim or complaint you have made, including information that was relied upon by the trustee to decide your claim or complaint.

We will provide you with information without requiring you to make an insurance claim or complaint. If you are not satisfied with our conduct, our response or our decision, or the conduct or decision of our Insurer, you can make a complaint. Refer to the 'Enquiries and Complaints' section at the end of this PDS.

# About the Mercer Super Trust

## Choose a leader in super you can trust

As a defined benefit member or pensioner of your Plan, you are a member of the Corporate Superannuation Division (CSD) in the Mercer Super Trust.

You have the flexibility to remain in the Mercer Super Trust throughout your career and stages of life, including retirement.

## We are global and local experts in super

We have a wealth of local superannuation expertise and are committed to delivering strong retirement outcomes for Australians.

Our members benefit from leveraging Mercer's global scale and the insights of our team of investment experts around the world.

## With you for your super journey

The Mercer Super Trust is a registered superannuation fund made up of the CSD, a Retail Division and an Allocated Pension Division (known as Mercer SmartRetirement Income).

Westpac has chosen to provide defined benefit superannuation and pension benefits for its eligible employees through the CSD.

## Benefits of investing with the Mercer Super Trust

As a Mercer Super Trust member, you benefit from the following:

- membership of one of the largest superannuation master trusts in Australia
- answers to many of your pension questions via the Helpline
- online tools and calculators to help you understand what your financial future might look like
- member communications and pension updates.

At [mercersuper.com.au](https://www.mercersuper.com.au) you can find trustee and executive remuneration disclosure for the Mercer Super Trust and any other documents that must be disclosed under the Superannuation Industry (Supervision) Act 1993.

# Useful terms used in this PDS

## Actuary

A financial services specialist appointed by the trustee, who performs financial risk analysis in respect to uncertain future events. From time to time the actuary is requested to provide advice in respect to your Plan's overall financial position including defined benefits in accordance with the rules of your Plan and superannuation law. For example, the actuary advises the trustee on the level of funding and any contributions that the Employer may be required to make to ensure that your Plan can meet your defined benefit payments and other member benefits.

Your Plan's actuary provides a report on the financial status of your Plan every three years. The outcome of this review is reported in the supplement to the trustee's annual report to members which you can access at [mercersuper.com.au](http://mercersuper.com.au).

## Dependent Children

For the purposes of eligibility for a benefit in the event of your death, this term is defined in the defined benefit rules for your Plan. For the definition, see the 'Benefits payable upon death after beginning a pension' section of this PDS.

## Employer

Means Westpac Banking Corporation  
ABN 33 007 457 141.

## Preservation Age

Means the age at which you may be eligible to withdraw or receive your super in cash, including commencing a defined benefit pension. Other criteria also applies to withdrawals. Your Preservation Age depends on your date of birth:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60

## Spouse

For the purposes of eligibility for a benefit in the event of your death, this term is defined in the defined benefit rules for your Plan. For the definition, see the 'Benefits payable upon death after beginning a pension' section of this PDS.

## Transfer Option

Means an option to receive the super benefits and options available to you as a defined benefit member of your Plan while you are still employed by Westpac. For more information, see the separate *PDS for Westpac Group Plan – Defined Benefit Members (former Westpac Staff Superannuation Plan members)*, available at [mercersuper.com.au/westpacgroupplan](http://mercersuper.com.au/westpacgroupplan) or by calling the Defined Benefit Helpline.

# How the defined benefit pensions work

## Types of pensions

A retirement, Total and Permanent Disablement (TPD) or death benefit is generally paid as a lump sum benefit\*. However, a pension may be available in the circumstances described in the following sections.

In this PDS, a reference to 'you' refers to the defined benefit member of your Plan.

\* For more information on how your lump sum entitlements are calculated, read the separate *PDS for Westpac Group Plan – Defined Benefit Members (former Westpac Staff Superannuation Plan members)*, available at [mercersuper.com.au/westpacgroupplan](http://mercersuper.com.au/westpacgroupplan) or by calling the Defined Benefit Helpline.

## Retirement pension (including spouse pension)

### Converting a lump sum to a retirement pension

A **retirement pension** option applies if you are entitled to any of the following:

- a retirement benefit because you leave Westpac at or after age 55
- a retirement benefit because you have reached your Preservation Age and choose the Transfer Option while still employed with Westpac
- a TPD benefit at any age.

In this case, you can choose to convert up to 50% of your retirement or TPD lump sum to a retirement pension. You must take at least 50% of your benefit as a lump sum.

In the event of your death after beginning a retirement pension, a reversionary pension may be payable to your Spouse. A children's allowance may also be payable, including in the event of the death of your Spouse after beginning a Spouse pension. See the 'Benefits payable upon death after beginning a pension' section of this PDS for more information.

### Converting a lump sum to a spouse pension

If you die while still employed with Westpac and a defined benefit member of your Plan and a benefit is payable to your spouse, your spouse can convert 50%\* of their death benefit lump sum to a **spouse pension**.

\*Unlike the retirement pension, your spouse cannot convert an amount other than 50%.

### Calculating the retirement or spouse pension amount

If you choose a retirement pension or your spouse chooses a spouse pension, the annual pension amount is generally calculated as:

- Value of the converted lump sum  $\div$  10.8.

If you choose the retirement pension before age 60, the annual pension amount (calculated using the previous formula) is reduced by 3% for each year from your retirement date until age 60 (pro-rated daily). This age-based reduction does not apply where the pension is payable as a result of TPD or death, or in the case of a spouse pension.

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**Example:** Carlos retires at age 58 and his total super payout is **\$325,000**, made up of \$300,000 lump sum retirement benefit plus \$25,000 SuperSave balance.

Carlos chooses to begin a retirement pension using the maximum allowable 50% of his lump sum retirement benefit, i.e.  $50\% \times \$300,000 =$  **\$150,000**. His standard annual retirement pension is calculated as:

$$= \$150,000 \div 10.8$$
$$= \$13,888 \text{ per year (rounded)}$$

However, Carlos is less than 60 years old so his pension is reduced by 6% (i.e.  $3\% \times 2$  years remaining until age 60), totalling **\$13,055 per year**.

For his remaining \$175,000 lump sum, Carlos could choose to:

- receive some or all of it in cash if he has met a condition of release, **and/or**
  - used some or all of it to buy a purchased pension (see following section), **and/or**
-



- transfer some or all of it to the Retained Benefit category of the Accumulation section of the Plan, **and/or**
- transfer some or all of it to another complying super fund.

### Purchased pensions (including a single life purchased pension)

*This section applies only where you receive a retirement or TPD lump sum. Purchased pensions are not available if your spouse has received a death benefit lump sum.*

#### Purchasing a pension with a lump sum

You can buy a **purchased pension** using some or all of any lump sum retirement or TPD benefit that you receive, including your SuperSave account balance or any excess contributions account balance. You can also buy a purchased pension with any lump sum amount that remains after you choose the retirement pension option in the previous section.

In the event of your death after beginning a purchased pension, a reversionary pension is generally payable to your Spouse and a children's allowance is payable for any Dependent Children. See the 'Benefits payable upon death after beginning a pension' section of this PDS for more information.

Note: Grandfathered arrangements apply to certain former members of other superannuation funds who can use a grandfathered entitlement to buy a purchased pension or single life purchased pension. Please call the Defined Benefit Helpline to find out if grandfathered arrangements apply to you.

#### Single life purchased pension option

If you would like a purchased pension but do not need the features of a reversionary spouse pension or children's allowance if you die, you can buy a **single life purchased pension** instead.

However, you can only buy a single life purchased pension if you have **not** chosen to receive a retirement pension or a purchased pension with reversionary benefits (i.e. you cannot receive a retirement pension plus a single life purchased pension).

### Calculating the purchased pension amount

The amount you receive from a purchased pension is calculated differently to the retirement pension. If you choose a purchased pension or single life purchased pension, the annual pension amount is calculated as:

- Value of lump sum used to purchase the pension ÷ applicable purchased pension factor.

A different pension factor is used for the purchased pension compared to the single life purchased pension. These factors are determined by the Plan's actuary and agreed with you and fixed at the beginning of the pension. Please contact the Defined Benefit Helpline to find out more about the purchased pension factor and an estimate of what these pension payments would be.

Other than having a different pension calculation (and no reversionary benefits for a single life purchased pension), a purchased pension has the same features as a retirement pension.



**Warning:** The way a purchased pension or single life purchased pension is calculated means these annual pension amounts are generally **less** than the amount paid under the retirement pension. In addition, unless you retire after age 70, the annual single life purchased pension amount is generally **less** than the amount paid under the retirement pension.

### Limited timeframe to choose pension options

If you choose a retirement pension and/or a purchased pension option, or if your spouse chooses a spouse pension, you or your spouse must advise us of your choice **within three months** of the date you leave Westpac or choose the Transfer Option, or the date a death or TPD benefit becomes payable, whichever is applicable.



**Warning:** The decision to begin a pension, and the choice of the type of pension, can only be made once. We strongly recommend that you consider your options very carefully and seek financial advice tailored to your personal circumstances before making a decision.

## Key features of the pension options

- The pension is paid fortnightly for the rest of your life.
- The annual pension amount is determined by the rules for your Plan. You cannot change the amount of your pension payments.
- The annual pension amount is indexed each year, effective 1 January, by the lesser of 5% or the annual movement in the September Consumer Price Index (CPI). Other than indexation, there is no change to your pension amount.
- You cannot convert a pension back to a lump sum in the future and you cannot make additional withdrawals.
- You cannot add money to the pension after it has commenced.
- If you die within five years of beginning your pension, your full pension amount is payable to your eligible Spouse or Dependent Children for the rest of the five-year period. If you have no Spouse or Dependent Children, a lump sum equivalent of the pension entitlement is paid to your legal personal representative.
- Reversionary benefits may be paid in the event of your death after beginning a pension. See the 'Benefits payable upon death after beginning a pension' section of this PDS).
- Pension payments count against your transfer balance cap, or against your spouse's transfer balance cap in the case of a spouse or reversionary pension. The transfer balance cap is a limit on the total amount you may transfer into pension accounts that have no tax on investment earnings. See the 'Tax and Centrelink' section of this PDS for more information.
- A pension may affect any government or social security benefits that you receive or may apply for in the future, and any impact may be different to taking a lump sum. You should seek advice on how this may affect your personal circumstances.

## How to apply for a pension

To apply for any of the pension options, please complete the application form (*Benefit Payment form*) available in the Forms section of [mercercsuper.com.au/westpacgroupplan](http://mercercsuper.com.au/westpacgroupplan).

## Cooling off period

You can write to us to cancel your decision to take part or all of your benefit as a pension **within 14 days** of making your choice. This is called the cooling off period. The 14-day period starts from the earlier of the date you receive our confirmation of your pension or five days after your application has been accepted.

If you cancel your pension election during the cooling off period, the amount we refund is calculated as the amount of the lump sum benefit that you chose to convert to a defined benefit pension, less any pension payments made to you during the period. Therefore, the amount we refund may be less than the amount initially converted. If you cancel your pension election, there is no further opportunity for you to choose a pension option in your Plan.

If you have met a condition of release allowed by superannuation law, we will pay your refund in cash or roll it over to a superannuation account, whichever you decide.

If you have not met a condition of release to receive a lump sum in cash, we must pay your refund according to the following rules:

- Any amount representing preserved or restricted non-preserved benefits cannot be paid directly to you and must be transferred to a regulated superannuation fund, approved deposit fund or a retirement savings account nominated by you.
- Any other amounts can be paid directly to you in cash or rolled over to another superannuation account, whichever you decide.

If you have not given us valid payment directions within one month of notifying us that you want to cancel your pension election, or if the super fund you tell us to roll your money to does not accept it, we may transfer your money to the Accumulation section of your Plan or to the Australian Taxation Office (ATO) or pay it to you in cash, where the law allows us to.

If we transfer your super to the ATO or pay it to you cash, you will no longer have any rights under your Plan or the Mercer Super Trust.

You can contact the ATO directly to claim any transferred money.

## **No further option to convert to lump sum after the cooling off period**

After any pension has commenced and once the cooling-off period expires, there is no further opportunity to request to convert all or part of that pension back to a lump sum.

## **Annual pension certificate of identification**

Each year, we may send you a pension certificate of identification for completion. The certificate helps the trustee to maintain accurate records of your entitlements and the rights of your reversionary beneficiary if applicable.

It is important that you complete, sign and return this certificate to ensure your pension continues to be paid. If you do not return your completed certificate, your pension payments may be suspended.

# Benefits payable upon death after beginning a pension

The death benefits payable after beginning a pension are different to those applying while you are still employed with Westpac. For more information on death benefits while employed with Westpac, see the separate *PDS for Westpac Group Plan – Defined Benefit Members (former Westpac Staff Superannuation Plan members)*, available at [mercersuper.com.au/westpacgroupplan](http://mercersuper.com.au/westpacgroupplan) or by calling the Defined Benefit Helpline.

## Definitions for this section

The terms 'Spouse' and 'Dependant Child' have specific meanings under rules for defined benefits and pension in your Plan, which are outlined below.

### Spouse

For the purposes of reversionary benefits in the event of your death after beginning a pension, 'Spouse' means a person who, at the time of your death, was:

- legally married to you, or
- living with you on a genuine domestic basis in a relationship as a couple (i.e. de facto), or
- a person with whom you were in a relationship that was registered under a state or territory law that was recognised for the purpose of the definition of 'spouse' under superannuation law;

and that person also:

- survives you by 14 days or more, and
- was either your Spouse at the date you retired from Westpac or was your Spouse for at least three years before your Death.

To help us determine if a person is eligible for a Spouse or reversionary pension, we will ask for a certified copy of each of the following documents:

- your death certificate
- your Spouse's birth certificate or extract of their birth certificate
- your marriage certificate or evidence of a de-facto relationship accompanied by a statutory declaration.

### Dependent Child

Dependent Child means any person who is:

- under age 18, or
- under age 23 years and was financially dependent on you at the date of your death and are in full-time education of a type approved by the trustee;

and that person is:

- a child of yours, including an adopted child, step child or ex-nuptial child, or
- a child of your Spouse, or
- a child of yours within the meaning of the Family Law Act 1975;

and that person survives you by 14 days or more.

## Death after beginning a retirement pension or purchased pension\*

\*The following information does not apply to a single life purchase pension – see the 'Death after beginning a single life purchased pension' later in this section of the PDS.

If you die after commencing a retirement pension and/or a purchased pension, your Spouse is paid a reversionary pension for life, and a children's allowance may be paid in respect of any Dependent Children.

The following table outlines the payment type and amount, depending on your beneficiaries.

Timeframe of death	Death benefits payable
Within five years of pension beginning	<p><b>If you have a Spouse:</b></p> <ul style="list-style-type: none"> <li>Your Spouse receives a reversionary pension equal to your full retirement pension and/or purchased pension entitlement for the rest of the five-year period.</li> <li>Thereafter, your Spouse's reversionary pension equals 50% of the pension they were receiving on the day immediately before the end of the five-year period.</li> <li>This pension is paid for the rest of your Spouse's life.</li> </ul> <p><b>If you have Dependent Children:</b></p> <ul style="list-style-type: none"> <li>A children's allowance is payable for any Dependent Children* (see 'Calculating the children's allowance amount' later in this section).</li> </ul> <p><b>If you do not have a Spouse or Dependent Children*:</b></p> <ul style="list-style-type: none"> <li>A lump sum is payable to your legal personal representative (i.e. your estate), equal to the present value of the pension you would have received over the rest of the five-year period.</li> <li>No further benefit is payable in relation to your defined benefits in the Plan once this lump sum has been paid to your estate.</li> </ul>
More than five years after pension begins	<p><b>If you have a Spouse:</b></p> <ul style="list-style-type: none"> <li>Your Spouse receives a reversionary pension for the rest of their life, equal to 50% of the pension you were receiving when you died.</li> </ul> <p><b>If you have Dependent Children:</b></p> <ul style="list-style-type: none"> <li>A children's allowance is also payable for any Dependent Children (see 'Calculating the children's allowance amount' in this section).</li> </ul> <p><b>If you do not have a Spouse or Dependent Children*:</b></p> <ul style="list-style-type: none"> <li>No further lump sum or other benefit is payable in relation to your defined benefits in the Plan.</li> </ul>

\* If you die and you do not have a Spouse or Dependent Children, the trustee has the discretion to pay the reversionary pension that would otherwise have been payable to your Spouse to any other person (or people), whether a relative or yours or not, if the trustee is satisfied

that they were living with you on a permanent and bona fide domestic basis and they were wholly or mainly maintained by you, and that person was nominated as a beneficiary by you.

### Calculating the children's allowance

If you die after beginning a retirement pension and/or a purchased pension, the amount of children's allowance (if any) depends on how many Dependent Children you have and whether you have a surviving Spouse (i.e. a Spouse who survives you by 14 days or more).

Number of Dependent Children	Surviving Spouse	No surviving Spouse
One Dependent Child	40% of Spouse's pension	80% of Spouse's pension
Two or more Dependent Children	25% of Spouse's pension for each Child (to a maximum of 100% of the Spouse's pension)	50% of Spouse's pension for each Child (to a maximum of 200% of the Spouse's pension)

If your Spouse dies after they begin receiving a reversionary pension for which a child allowance is also payable, the children's allowance will continue to be paid. In this case, the amount of the children's allowance increases to the 'no surviving Spouse' amounts shown in the table above.

A children's allowance is payable only for as long as each child continues to meet the definition of Dependent Child.

### Key features of the reversionary pension

- The reversionary pension is paid fortnightly for the rest of your Spouse's life. A children's allowance is paid only for as long as the child meets the definition of Dependent Child.
- The reversionary pension amount and any children's allowance is determined based on the value of the pension you were receiving at the date of your death. Your Spouse cannot change the amount of their pension or any children's allowance.

- The amount of any reversionary pension and children's allowance is indexed each year, effective 1 January, by the lesser of 5% or the annual movement in the September CPI.
- Your Spouse cannot convert the reversionary pension or children's allowance to a lump sum and they cannot make additional withdrawals.
- Reversionary pension payments count against your Spouse's transfer balance cap. The transfer balance cap is a limit on the total amount a person may transfer into pension accounts that have no tax on investment earnings. See the 'Tax and Centrelink' section of this PDS for more information.
- A pension may affect any government or social security benefits that your Spouse receives or may apply for in the future, and any impact may be different to taking a lump sum. Your Spouse should seek advice on how this may affect their personal circumstances.

## Death after beginning a single life purchased pension

If you purchase a single life purchased pension and you die within five years of your pension beginning, a residual lump sum is payable to your legal personal representative (i.e. your estate). This lump sum is equal to the present value of the pension you would have received over the rest of the five-year period.

No benefit is payable if you die more than five years after beginning a single life purchased pension.

## Death after beginning a spouse pension

If your spouse is receiving a spouse pension as a result of your death while still employed with Westpac and your spouse subsequently dies, any children's allowance they were receiving will continue to be paid at the 'no surviving spouse' amounts shown in the table under the 'Calculating the children's allowance' section earlier in this section of the PDS.

Other than the continuance of any children's allowance, no further benefit is payable upon the death of your spouse.

# Risks associated with defined benefit pensions

There are risks associated with beginning and continuing a defined benefit pension in your Plan. These risks may include:

- The amount of your pension may not be enough to meet your needs and/or may not keep pace with inflation in the future. The amount of your pension is determined by your Plan rules and/or the advice of the Plan actuary. You cannot change this amount, nor can you change the payment frequency or make additional withdrawals with these pension.
- The pensions payable from your Plan may not be the most appropriate types of pension for your needs.
- A defined benefit pension is payable for life. However, depending on the type of pension, and the age at which you and any reversionary beneficiary dies, there is a risk that the total pension payments you receive may be less than the amount you would have received as a lump sum at retirement or upon leaving your Plan.
- There may be no pension paid to your Spouse or Dependents after your death if those people do not satisfy the eligibility criteria. You cannot nominate a beneficiary for these types of pensions.
- Pension payments may affect income and assets tests if you apply for or are receiving government social security benefits. Social security can be a complex area. You should seek professional advice before finalising any decisions that may affect your financial future.
- As a member of a defined benefit superannuation plan, your total payout or pension may be reduced below your standard benefit payout if your Plan winds up and has inadequate funding at that time and your Employer is unable or unwilling to make up the difference.
- Laws relating to superannuation and pensions, or associated areas such as tax or social security, may change in the future.



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**Warning:** You should consider all risks carefully before choosing a pension option or options. We also recommend that you seek professional financial advice to ensure that receiving your benefit as a pension is the best choice for you.

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# 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)** MoneySmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options.

The table below shows the fees and other costs that you may be charged. We may deduct these fees and other costs from your super account balance, from the returns on your investments or from the Mercer Super Trust as a whole.

We may charge other fees, such as activity fees or advice fees for personal advice but these will depend on the nature of the activity or advice that you have chosen or applicable to your Plan. Entry and exit fees cannot be charged.

Taxes are set out in another part of this document.

You should read all the information about fees and other costs because it is important to understand their impact on your investment.

**Important!** We are required by law to disclose the information shown above. For a defined benefit pension, all fees and other costs are paid by your Employer or from the Plan reserves, unless otherwise disclosed in this section.

## Fees and costs summary

Westpac Group Plan – Defined Benefit Pensions		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
Administration fees and costs	Nil.	Not applicable – these fees and costs are met by your Employer and are deducted from the Plan reserves.
Investment fees and costs	Nil.	
Transaction costs	Nil.	
<b>Member activity related fees and costs</b>		
Buy sell spread	Nil.	Not applicable.
Switching fee	Nil.	Not applicable.
Other fees and costs <sup>1</sup>	Family law splitting fee <sup>1</sup> of \$541 (indexed on 1 January each year), if applicable to you.	Deducted from your pension payment, if applicable to you. <sup>1</sup>

Notes:

<sup>1</sup> For more details on family law fees, see the 'Additional explanation of fees and costs' section of this PDS.



**Warning:** If you consult a financial adviser, you may have to pay an adviser service fee (which is negotiable). The Statement of Advice given to you by the adviser will include any details about this fee.



## Additional explanation of fees and costs

### Family law fees

A charge of \$541 will apply if your pension is subject to an agreement or court order that splits your pension between you and your former spouse. This charge is generally split equally between you and your former spouse.

### Fee changes

#### Indexation of fees

Family law fees are indexed annually on 1 January to generally reflect changes in the Average Weekly Ordinary Time Earnings index.

The fees applicable for 1 April 2023 are set out in this PDS. The next indexation is due on 1 January 2024.

### GST

The GST disclosures in this PDS are of a general nature only.

Fees payable in respect of the management of the Mercer Super Trust are subject to GST, as described below.

GST applies to all fees charged to the Mercer Super Trust. Generally, the Mercer Super Trust cannot claim full input tax credits in respect of these fees, but will usually be entitled to reduced input tax credits (currently up to 75% of the GST paid) in respect of some of these fees. As a result, the fees payable to us including GST are higher than those disclosed in this PDS.

Any fees payable to us as set out in this PDS approximate the net cost of these fees (after GST) and assume that reduced input tax credits are available.

### Tax and your super

The 'How super is taxed' section in this PDS provides a summary of how your super is taxed. For more details about tax and your super, see our *Fact Sheets* at [mercersuper.com.au/pds](https://mercersuper.com.au/pds).

### Defined fees

Definitions of the various fee types referred to in this section are listed below.

### Activity fees

A fee is an **activity fee** if:

- a) the fee relates to costs incurred by the trustee of the Mercer Super Trust that are directly related to an activity of the trustee:
  - i) that is engaged in at the request, or with the consent of a member; or
  - ii) that relates to a member and is required by law; and
- b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, transaction costs, a buy-sell spread, a switching fee, an advice fee or an insurance fee.

### Administration fees

**Administration fees and costs** are fees and costs that relate to the administration or operation of the Mercer Super Trust and includes costs incurred by the trustee of the Mercer Super Trust that:

- a) relate to that administration or operation of the Mercer Super Trust; and
- b) are not otherwise charged as investment fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

### Advice fees

A fee is an **advice fee** if:

- a) the fee relates directly to costs incurred by the trustee of the Mercer Super Trust because of the provision of financial product advice to a member by:
  - i) a trustee of the Mercer Super Trust; or
  - ii) another person acting as an employee of, or under an arrangement with, the trustee of the Mercer Super Trust; and
- b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, a switching fee, an activity fee or an insurance fee.

### Buy-sell spreads

A **buy-sell spread** is a fee to recover costs incurred by the trustee of the Mercer Super Trust in relation to the sale and purchase of assets of the Mercer Super Trust.

Refer to 'Buy and sell spreads' in the 'Transaction costs' section in this PDS for details. The trustee currently does not charge any buy-sell spreads.

### Exit fees

An **exit fee** is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.

The trustee does not charge exit fees.

### Investment fees and costs

**Investment fees and costs** are fees and costs that relate to the investment of the assets of the Mercer Super Trust and includes:

- a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b) costs incurred by the trustee of the Mercer Super Trust that:
  - i) relate to the investment of assets of the entity; and
  - ii) are not otherwise charged as administration fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

### Switching fees

A **switching fee** for superannuation products, other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the Mercer Super Trust from one investment option or product in the Mercer Super Trust to another.

### Transaction costs

**Transaction costs** are costs associated with the sale and purchase of assets of the Mercer Super Trust other than costs that are recovered by the Mercer Super Trust charging buy-sell spreads.

# Tax and Centrelink



Tax issues can be complex. This section provides a general summary of the way superannuation and pensions are taxed based on laws current at the date of this PDS. The information applies to Australian or New Zealand citizens or permanent Australian residents. If you are an Australian or New Zealand citizen or an Australian permanent resident but not a resident of Australia for tax purposes, different tax rules may apply.

You can also visit the ATO website [ato.gov.au](http://ato.gov.au) for further information about tax and your super.

## Your tax file number is important

You do not have to provide your tax file number (TFN) to the trustee and it is not an offence if you do not. However, if the trustee does not have your TFN we may be required to deduct tax at the highest marginal rate (including Medicare Levy) from the taxable portion of any pension payments or any lump sum withdrawals you make before age 60.

## Defined benefit pensions and the transfer balance cap

The Government applies a lifetime limit (called your personal transfer balance cap) on the total amount you may transfer into superannuation pension accounts that have no tax on investment earnings (retirement phase pension accounts) on or after 1 July 2017. Any existing retirement phase pension products you had at 1 July 2017 will also count against your transfer balance cap.

The transfer balance cap applicable to those who have not previously started a retirement phase pension (the general transfer balance cap) is currently \$1.7 million and is scheduled to increase to \$1.9 million from 1 July 2023, due to indexation. Those who have previously started a retirement phase pension will generally have a personal transfer balance cap that is lower than the general transfer balance cap, because indexation only applies to the unused portion (if any) of their personal transfer balance cap.

If you hold more than your transfer balance cap, additional tax and withdrawal rules may apply.

If you choose to receive a pension from your Plan, it counts against your transfer balance cap. If a spouse or reversionary pension is paid to your Spouse after your death, it counts towards your Spouse's transfer balance cap.

As defined benefit pensions do not ordinarily have an account balance, for transfer cap purposes your pension is valued based on a formula set by legislation. This valuation is equal to your initial annual pension multiplied by 16, where your initial annual pension is calculated by annualising your first pension payment.

If the total of your pension accounts at 1 July 2017 (if any) plus subsequent transfers (including any new defined benefit pensions valued using the formula above) exceeds your transfer balance cap, you may be required to take action. If the total is made up only of defined benefit pensions, you will not be required to reduce your pensions below your transfer balance cap. Instead, the amount of your annual defined benefit pension payments that exceed the 'defined benefit income cap' will be subject to special tax treatment. See the following 'Tax on pension payments' section.

Your defined benefit pension is not required to be reduced if you exceed your transfer balance cap. However, if you have any account based pensions that, combined with your defined benefit pension(s), result in you exceeding your cap, any excess relating to the account based pensions will have to be either transferred back to an accumulation account (with 15% investment earnings tax applying) or removed from the superannuation system.

The ATO keeps track of how much of your transfer balance cap you have used, how much you have remaining (if any) and for issuing excess balance assessments and excess balance tax assessments.

You can find more information about the transfer balance cap at [ato.gov.au](https://ato.gov.au), or check your personal transfer balance cap in the ATO online services at [my.gov.au](https://my.gov.au).

## Tax on pension payments

The tax payable on your pension payments depends on your age, the components that make up your pension, and the amount of your pension.

### Pension payments from age 60

Under current tax rules, you pay no tax on defined benefit pension payments from age 60 unless your total income from the pension exceeds the defined benefit income cap.

#### Defined benefit income cap

The defined benefit income cap is \$106,250 for the 2022-23 financial year and is scheduled to increase to \$118,750 from 1 July 2023, due to indexation in line with the general transfer balance cap.

If your pension exceeds this cap, 50% of the amount exceeding the cap is taxed at your marginal tax rate. The defined benefit income cap is proportioned in the year you turn age 60 or in the year your pension commences if after age 60.

Please note that the tax treatment of a defined benefit pension from a public sector fund may be different.

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#### Example

Jeremy is 62 years old and receives a pension of \$118,000 from the Plan during the 2022-23 financial year. His pension exceeds the defined benefit income cap by \$11,750, therefore tax applies on 50% of this excess amount (i.e. \$5,875) at Jeremy's marginal tax rate.

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### Pension payments before age 60

The taxable component of your pension payments is treated as income\*. An estimate of the income tax payable as required by law, plus the Medicare levy, is deducted at the time of payment. This may be more or less than the actual amount of tax that applies to your personal circumstances. Once you lodge your income tax return, the ATO determines the actual tax payable and any appropriate adjustment is made. The Medicare surcharge may also apply.

No tax is payable on any tax-free component of your pension payments.

If you are between your Preservation Age and 60, you are entitled to a tax offset equal to 15% of the taxable component of your pension payments. A 15% tax offset may also apply if you are under your Preservation Age and your pension has resulted from your disability, or from the death of another person.

\*If you are under age 60 but you are receiving a death benefit arising from the death of a person who had reached age 60, your pension payments are tax free unless your total pension income exceeds the defined benefit income cap (see 'Defined benefit income cap' above).

#### Taxable and tax-free components

The taxable and tax-free components of your pension payments are a percentage of each pension payment. The percentages are determined at the commencement of your pension based on the taxable and tax-free components of the lump sum amount that you convert to a defined benefit pension.

For example, you convert a lump sum amount of \$200,000 into a defined benefit pension and this lump sum is made up of a taxable component of \$150,000 and a tax-free component of \$50,000. The taxable and tax-free components of your future pension payments will be:

- Taxable component = \$150,000 divided by \$200,000 times 100 = 75%
- Tax-free component = \$50,000 divided by \$200,000 times 100 = 25%

## Centrelink

The amount of your superannuation may affect your entitlement to Government benefits. Two tests are applied by the Government to determine your eligibility for benefits – an assets test and an income test. Some income or assets may be exempt for the purpose of these tests. The defined benefit pension available through your Plan may qualify for an exemption from the assets test. Part of your income from your lifetime pension may also be exempt from the income test.

The Federal Government's regulations relating to Centrelink entitlements and the taxation of superannuation are complex and can change with little notice. As each member's personal circumstances differ, the taxation laws affect individuals in different ways.

We recommend that you see a licensed or appropriately authorised financial adviser for advice on Centrelink and taxation matters.



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We strongly recommend that you get advice from a licensed, or appropriately authorised financial adviser about how the tax laws affect you. This is because the tax treatment of super can be complex and may change at any time.

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# Other important information

## Anti-money laundering

Under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AMLCTF Act) superannuation funds have to identify, monitor and mitigate the risk that the Mercer Super Trust may be used for the laundering of money or the financing of terrorism. As a result, you may be asked to provide satisfactory proof of your identity to the trustee before you withdraw your benefit or begin a pension and to satisfy other legal requirements.

At a minimum, we may need to collect your full name, date of birth and residential address. To verify information, we are only obligated to verify full name, and either date of birth or residential address. This can be achieved by supplying a certified copy of your driver's licence or passport. We may be unable to process your payment request without this information in an appropriate form.

Under the AMLCTF Act, we may need to undertake additional identification checks and monitor transactional activity. We may also need to block or suspend transactions. The trustee will not be liable for any loss suffered by you if there is a delay in making a payment that has been caused by or contributed to by the need to comply with the AMLCTF Act or other legislative requirements.

By law the trustee is also required to comply with confidential reporting obligations to the AMLCTF Act regulator, Australian Transaction Reports and Analysis Centre (AUSTRAC).

## Family law

Subject to relevant legislation, married and de facto couples may be able to make binding agreements or get court orders to determine how each partner's super (including a pension) will be divided if their marriage or relationship breaks down.

Under the Family Law Act 1975, the trustee needs to provide certain information about a member's super payout or pension to eligible persons where the information is required to negotiate a superannuation agreement or to help with a court order. An eligible person under the Act includes a member, the spouse of a member or any person who intends to enter into a superannuation agreement with the member.

We may need to adjust your super payout or pension to reflect any agreements or court orders that may be binding on the trustee. We will advise you about any fee for a request related to the Family Law Act in respect of your super payout or pension.

Call the Helpline about family law matters affecting your pension in the Mercer Super Trust.

## Service providers to the trustee

The trustee appoints a number of service providers to help it run the Mercer Super Trust. The main service providers to the trustee include the administrators, the investment consultant and the custodian.

The administrators, the investment consultant and the custodian are paid from the trustee's fee income and their fees are not an additional cost to members or pensioners.

See below for details about the administrators and investment consultant. Call the Helpline for details about the custodian.

## Administrators

Australian Administration Services Pty Limited, which is part of the Link Group (Link), provides the following administration services in relation to the Defined Benefit section of your Plan in the Mercer Super Trust:

- administration of member and pension records and unit holdings
- preparing certain communications materials
- Helpline facilities for members and pensioners.

Mercer Outsourcing (Australia) Pty Ltd (MOAPL) provides the following administration services to the Mercer Super Trust:

- daily management of the Mercer Super Trust's operations including accounting
- preparing certain communications materials, including the Mercer Super Trust's internet site.

## Investment consultant

The trustee has appointed Mercer Investments (Australia) Limited (MIAL) to advise on the selection, appointment, replacement and ongoing evaluation of investment managers through an implemented consulting arrangement.

## Representing members' interests

Your Plan has a policy committee. The names of policy committee representatives and dates of when their terms expire is published in a supplement to the *Mercer Super Trust Annual Report* to members.

A policy committee comprises an equal number of member and employer representatives. The policy committee represents members of your Plan in all dealings with the trustee of the Mercer Super Trust. The policy committee is a communications channel to the trustee for any member issues and concerns.

Call the Defined Benefit Helpline for information about policy committee election rules.

## Trustee powers and responsibilities

The trustee is responsible for:

- ensuring members' and pensioners' rights and best financial interests are protected
- payment of correct super payouts and pensions at the appropriate time
- proper management of assets
- general operation of the Mercer Super Trust in accordance with the governing documents and applicable legislation.

The trustee has the right to override any member's investment choices as required by law.

The trustee pays itself a fee out of the fees charged in respect of members.

## Plan rules

The governing rules of your Plan include:

- the trust deed that governs the operation of the Mercer Super Trust
- the designated rules covering the general operation of your Plan
- the benefit design schedule that sets out the specific details of your Plan or for the CSD.

The governing rules of your Plan, together with relevant laws and regulations, set out the rules and procedures under which the Mercer Super Trust and your Plan operate and also set out the trustee's duties and obligations to you.

The governing rules are available at [mercersuper.com.au/documents](https://mercersuper.com.au/documents).

## Amendments to your Plan and Plan rules

Sometimes the governing rules' provisions need to be amended.

The trustee has the power to amend all or any of the provisions of the trust deed and designated rules. Westpac may amend its plan benefit design schedule with the consent of the trustee.

Any amendment must comply with the restrictions in the trust deed, designated rules and any applicable Government requirements.

Westpac and the trustee, or the trustee only for the CSD of the Mercer Super Trust, can amend your Plan at any time. Westpac can also decide to vary its contributions to your Plan. Any amendment or variation has to comply with the law and governing rules. Member payouts may be adjusted if your Plan is closed or contributions varied.

## Financial position of your Plan

As a member of a defined benefit superannuation plan, your total payout or pension may be reduced below your standard benefit payout amount if your Plan winds up at a time when the level of funding is inadequate, and Westpac is unable or unwilling to make up the difference.

Your Plan's *Supplementary Annual Report* contains information about your Plan's level of funding. You can access the report at [mercersuper.com.au/westpacgroupplan](https://mercersuper.com.au/westpacgroupplan).

## Trustee's indemnity

Both the trustee and its directors are entitled to be indemnified, out of the assets of the Mercer Super Trust, against all liabilities including losses, costs and expenses that may be incurred in administering the Mercer Super Trust.

Liabilities include any payments to the trustee of any predecessor fund to your Plan for any liabilities incurred by that trustee before the transfer into the Mercer Super Trust.

The operation of the trustee's indemnity may result in a reduction in a super payout or pension payment.

The indemnity does not apply to:

- liabilities arising out of fraud, dishonesty or intentional or reckless neglect or default
- amounts, such as penalties, for which indemnification is not permitted under Government legislation.



# Enquiries and complaints

## Call the Helpline

Call the Helpline for the Defined Benefit section of your Plan on **1800 227 262** from 8.30am to 5.30pm AEST Monday to Friday.

## Email

Email the Helpline at  
wsspadmin@linksuper.com

## By mail

Westpac Group Plan – Defined Benefits  
c/ Link Group  
Locked Bag A4055  
Sydney South NSW 1235

Please include your Plan name and your member/pension number when writing to us.

Information regarding the Mercer Super Trust complaints process can be accessed online. Go to [mercersuper.com.au/documents/governance-and-trustee-documents/](https://mercersuper.com.au/documents/governance-and-trustee-documents/) and select the *Mercer Complaints Management Procedures*. A hard copy can also be provided on request.

The trustee always seeks to resolve any complaints to the satisfaction of all concerned and in the best interests of all members of the Mercer Super Trust. We will acknowledge your complaint as soon as practicable. We will provide you a response no later than 45 calendar days after receiving your complaint, unless another timeframe is allowed or required under the relevant legislation. If we are unable to provide you a response within this timeframe, we will provide you a delay notification advising you the reasons for the delay, as well as your rights to complain to the Australian Financial Complaints Authority (AFCA).

If you have made a complaint and are not satisfied with the outcome, or we have not resolved your complaint within the required timeframe, you can complain to AFCA. AFCA is a fair and independent body that can assist you with further resolving your complaint at no cost to you.

You can contact AFCA as follows:

**Mail** Australian Financial Complaints  
Authority Limited  
GPO Box 3  
Melbourne VIC 3001

**Phone** 1800 931 678

**Email** [info@afca.org.au](mailto:info@afca.org.au)

**Website** [afca.org.au](https://afca.org.au)

Some complaints must be lodged with AFCA within set timeframes or may be outside of AFCA's jurisdiction. Contact AFCA directly for more information about their time limits and other requirements.