

Mercer SmartRetirement Income

Product Disclosure Statement

28 May 2025



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This Product Disclosure Statement (PDS) is issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence (AFSL) #235906 as trustee of the Mercer Super Trust (Mercer Super) ABN 19 905 422 981. In this PDS, MSAL is referred to as 'trustee', 'we', 'our' or 'us'.

The trustee has appointed the following providers which are named in this PDS and have consented to being so named:

- Mercer Outsourcing (Australia) Pty Ltd (MOAPL) ABN 83 068 908 912 AFSL #411980 to provide administration services.
- Mercer Investments (Australia) Limited (MIAL) ABN 66 008 612 397 AFSL #244385 as an implemented consultant to provide investment strategy advice, portfolio management and implementation services including investment manager selection and monitoring, excluding the JANA Ready-made investment options. For the JANA Ready-made investment options, the trustee has appointed JANA Investment Advisers Pty Ltd (JANA) ABN 97 006 717 568 AFSL #230693, as an implemented consultant to provide the same services. MIAL is also the responsible entity for a number of underlying investment funds (the Mercer Funds). The Mercer Super Trust invests in the Mercer Funds. MIAL and JANA are named in this Booklet and have consented to being so named.
- Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) ABN 76 153 168 293 AFSL #411766 to provide financial advice services. Mercer Financial Advisers are authorised representatives of MFAAPL.
- Mercer Consulting (Australia) Pty Ltd (MCAPL) ABN 55 153 168 140 AFSL #411770 to provide actuarial and advisory services.

MSAL, MOAPL, MIAL, MFAAPL and MCAPL are wholly owned subsidiaries of Mercer (Australia) Pty Ltd (MAPL) ABN 32 005 315 917, which is part of the Mercer global group of companies (Mercer).

MSAL is responsible for the contents of this PDS and is the issuer of this PDS. MOAPL, MIAL, MFAAPL, MCAPL or MAPL are not responsible for the issue of, or any statements in this PDS or any of the other important information booklets referred to in this PDS. They do not make any recommendation or provide any opinion regarding Mercer SmartRetirement Income (MSRI) or an investment in it.

The value of the investments in MSRI may rise and fall from time to time. MSAL, MOAPL, MIAL, MFAAPL, MCAPL or MAPL do not guarantee the investment performance, earnings, or the return of any capital invested in it.

'MERCER' and Mercer SmartPath® are Australian registered trademarks of MAPL.

About the Mercer Super Trust

Make your super count with Mercer Super. At Mercer Super, everything we do is centred around driving better outcomes for each and every one of our more than 1 million members. Our strategy focuses on empowering you with the tools and support you need throughout your path to and through retirement. With 75 years' experience, we're backed by Mercer, a locally led, global expert in retirement and investments. Our local know-how and global expertise are put to work for you, with approximately 3,000 investment experts seeking out opportunities in Australia and around the world.

With you for your super journey

Once you open your allocated pension account, you'll become part of the Allocated Pension Division (known as Mercer SmartRetirement Income) within the Mercer Super Trust.

The Mercer Super Trust is a registered superannuation fund made up of a Corporate Superannuation Division, a Retail Division and an Allocated Pension Division.

Benefits of being with Mercer Super Trust

As a Mercer Super member, you benefit from:

- **24/7 online access:** Manage your account anytime, anywhere.
- **Dedicated support:** Assistance from our Australian-based Helpline team
- **Financial advice and support tools:** Access to financial advice about your Mercer Super account and support tools at no additional cost.
- **Ageing care and support:** Complimentary access to Care & Living with Mercer for you and your loved ones. Care & Living with Mercer is a service provided by MCAPL and has been made available to Mercer Super Trust members.
- **Continuous learning:** Anytime access to our online educational webinars.
- **Retirement planning:** Access our Retirement Income Simulator to understand how much income you're on track to receive when you retire and estimate how long your super may last.

At mercersuper.com.au/documents you can find trustee and executive remuneration disclosure for the Mercer Super Trust and any other documents that must be disclosed as required by law.

About this document

This *Product Disclosure Statement (PDS)* is a summary of significant information about the Allocated Pension Division of the Mercer Super Trust, known as Mercer SmartRetirement Income (MSRI). It includes references to important information in a series of booklets that are part of this PDS. These booklets are the *Investments* booklet and the *Sustainable Investment Information* booklet.

You should read and consider the information in this PDS and the booklets that are part of the PDS before making a decision about MSRI.

You can get a copy of this PDS and the booklets referred to in this PDS at mercersuper.com.au/pds or on request and free of charge by calling the Helpline on **1800 671 369** (or +61 3 8306 0906 if calling from overseas) from 8am to 7pm (AEST/AEDT) Monday to Friday.

This PDS contains general information only and does not take into account your individual objectives, personal financial situation or needs. Before acting on this information, you should consider whether it is appropriate to your individual objectives, personal financial situation and needs. You should obtain financial advice tailored to your personal circumstances.



Updated information

The information in this PDS and the booklets that are part of it may change from time to time and if it is not materially adverse, will be made available online at mercersuper.com.au/pds. A paper copy of any updated information will be given or an electronic copy made available on request at no charge by calling the Helpline. We will advise you directly of any material changes as required by law.

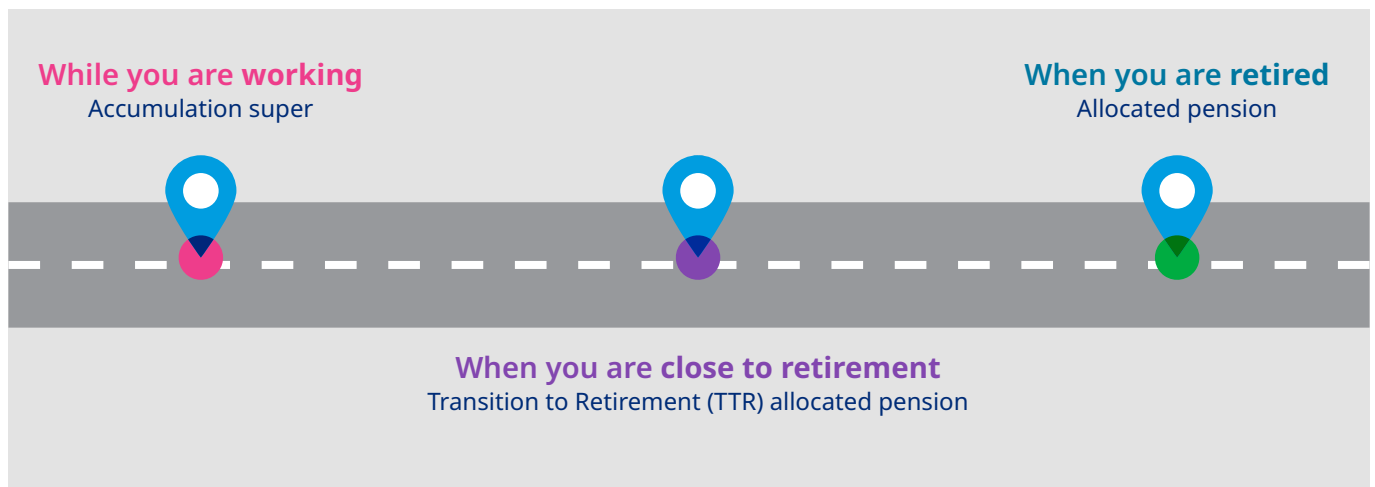
You can get a copy of this PDS and the booklets that are part of this PDS at mercersuper.com.au/pds or by calling the Helpline.

The Target Market Determination can be found at mercersuper.com.au/TMD

Our pension options

MSRI provides allocated pension accounts and Transition to Retirement (TTR) allocated pension accounts. These accounts can provide you with a regular income from your super savings when you are approaching retirement or have fully retired.

How super and pensions work at Mercer Super



While you are working

Contributions from your employer and/or your personal income or savings goes into your accumulation super account. Your super balance grows over your working life. You cannot withdraw your super in cash until you meet a condition of release.

When you are close to retirement

TTR provides a way for you to use an allocated pension to start receiving an income from your super while you are still working, providing you have reached age 60. A TTR allocated pension is sometimes called a pre-retirement phase pension or account.

A TTR allocated pension works mostly in the same way as a retirement phase allocated pension (described in the next column). However, while a TTR allocated pension is being paid in the pre-retirement phase, it has the following important differences:

- A maximum annual pension amount applies, equal to 10% of your account balance.
- Investment returns on your account balance are taxed at a rate of 15%.
- Your account balance does not count towards the transfer balance cap.
- You generally cannot withdraw additional money from your account.

See the following sections for examples on how a TTR allocated pension may work and how a TTR account changes to retirement phase when you retire or reach age 65.

When you are retired

An allocated pension is a flexible, tax effective investment account designed to provide an income from your superannuation savings to fund your retirement. It is sometimes called a retirement phase pension or account or an account-based pension.

With a retirement phase allocated pension, you can:

- **Control** how long your money lasts by choosing a pension payment amount and frequency that suits your needs.
- **Potentially save tax** because your investment earnings are generally tax-free and once you reach age 60, so are your pension payments and any lump sum commutations.
- **Invest** your account balance in one or more investment options from our investment menu.
- **Withdraw extra money** from your account balance (known as lump sum commutations) whenever you need it.
- **Nominate** beneficiaries to receive any remaining super from your account if you pass.

Examples of how a TTR strategy may work

Naveen has just turned 60 and his financial adviser is explaining some of the flexibility that a TTR strategy might offer. By using a TTR allocated pension to access some of his super while he continues to work, one or more of the following options may be suitable for Naveen:

- **Semi-retire without losing income:** Cut back to working part time and use the income from his TTR pension to supplement his salary.
- **Boost his super:** Continue working full time, contribute part of his salary to his super by salary sacrifice (which generally has a lower tax rate than personal income tax on salary, provided the concessional contribution limit is not exceeded) and receive an income from his TTR allocated pension. The strategy may be designed to give Naveen a similar take-home income (taking into account his salary plus pension payments) and also to give his super balance an extra boost from extra contributions and tax savings.
- **Reduce debt:** Use the extra income from his TTR allocated pension to pay down debt more quickly.
- **Fulfil other dreams or needs:** Use the extra income from his TTR allocated pension to meet other financial needs or goals, like house renovations, buying a caravan, travelling or helping his kids out financially.

Important: These examples are intended as general information only and should not be considered personal advice. Not all strategies will suit all people. You should consider your own objectives, financial situation and needs and get financial advice tailored to your personal circumstances.



You can open a TTR allocated pension using some or all of your existing super. However, you will also need to keep an accumulation super account open to receive any future employer or personal super contributions. Contributions or rollovers cannot be added directly to any allocated pension account.

Changes to a TTR allocated pension when you retire or at age 65

In certain circumstances, your TTR allocated pension will convert to retirement phase allocated pension rules. This may occur prior to age 65 if you let us know and we are satisfied that you have met one of the following conditions of release:

- Leaving an employer at or after age 60
- Permanently retiring
- Meeting the criteria for permanent incapacity (as defined by super laws)
- Meeting the criteria for a terminal medical condition (as defined by super laws).

Otherwise, we automatically convert your account to retirement phase rules once you turn age 65.

Once your TTR allocated pension converts to retirement phase, the following changes occur automatically and immediately:

- There is no maximum annual pension payment amount – you can choose any payment amount equal to or greater than the minimum requirement.
- Investment earnings on your account balance become tax-free. To facilitate this change, we switch your account balance from the taxed investment option(s) you chose for your account into the equivalent tax-free investment option(s). The investment fees and costs and transactions costs may be different in the tax-free investment option.

- You may be eligible for our Retirement Bonus payment (refer to 'Retirement Bonus payment' in the 'Starting your allocated pension' section of this PDS). Your account will be automatically assessed for the Retirement Bonus at the time your TTR allocated pension converts to retirement phase. If eligible, the bonus payment will be automatically credited to your allocated pension.
- Your account balance at conversion will be reported to the Australian Taxation Office (ATO) to be counted for the transfer balance cap. If your balance at conversion exceeds the unused portion of your personal transfer balance cap, there will be immediate tax implications (refer to 'Maximum investment – transfer balance cap' in the 'Starting an allocated pension' section of this PDS).

There is no change to other account features such as your pension payment amount and frequency, beneficiaries and online access.



Seek advice to see if a TTR strategy is right for you

A TTR strategy and its implications for contributions caps and tax laws can be complex. We recommend you seek financial advice tailored to your personal circumstances to decide if this type of strategy or a TTR allocated pension is right for you.



Warning: It is important to consider the impact of your transfer amount, as well as any potential Retirement Bonus, on your personal transfer balance cap. It is your responsibility to monitor how you are tracking against your caps – you can check your personal transfer balance cap in the ATO online services at my.gov.au

Account features at a glance

| | TTR allocated pension in MSRI (pre-retirement phase) | Allocated pension in MSRI (or TTR allocated pension in retirement phase) | Where to find more information |
|---|--|---|---|
| Who this account might suit | <p>You can use a TTR allocation pension to begin receiving pension payments from your super provided all of the following apply to you:</p> <ul style="list-style-type: none"> You have reached age 60 but have not yet turned age 65. You are not permanently retired. You have not met a condition of release that allows you to access your super (other than meeting TTR criteria). <p>A TTR allocated pension might help you to:</p> <ul style="list-style-type: none"> Top up your employment income if you reduce your work hours. Boost your super savings and save on tax while you keep working full-time. | <p>You can start receiving pension payments from your super with an allocated pension if any of the following apply to you:</p> <ul style="list-style-type: none"> You have reached age 60 and are permanently retired. You are over age 60 and have left an employer since turning 60 (you can generally only open an allocated pension using the super you accumulated before leaving that employer). You are aged 65 or older. You have met another condition of release that allows you to access your super. You are using only an unrestricted non-preserved portion of your super to begin your allocated pension. | 'Our pension options' section of this PDS |
| How much you can invest | <ul style="list-style-type: none"> Minimum of \$10,000 (or \$20,000 if you intend to invest in the Mercer Direct investment option). No maximum. However, you should keep in mind that the transfer balance cap applies at the earlier of you letting us know that you have met a condition of release or reaching age 65. | <ul style="list-style-type: none"> Minimum of \$10,000 (or \$20,000 if you intend to invest in the Mercer Direct investment option). If your starting account balance exceeds the unused portion of your personal transfer balance cap, there are immediate tax and withdrawal implications. It is up to you to monitor your caps. | 'Starting an allocated pension' section of this PDS |
| How much you can receive in pension payments | <p>Your choice of any amount equal to or between the following government limits:</p> <ul style="list-style-type: none"> Minimum annual pension of 4% of your account balance Maximum annual pension of 10% of your account balance. <p>Pension payments stop once there is no money left in your account.</p> | <p>Your choice of any amount equal to or greater than the following government limit:</p> <ul style="list-style-type: none"> Minimum annual pension of 4% of your account balance if you are under age 65 (higher minimum percentages apply if you are over age 65). <p>No maximum annual pension applies.</p> <p>Pension payments stop once there is no money left in your account.</p> | 'Payment options' section of this PDS |

| | TTR allocated pension in MSRI (pre-retirement phase) | Allocated pension in MSRI (or TTR allocated pension in retirement phase) | Where to find more information |
|--|---|--|--|
| How often you can receive payments | Your choice of twice per month, monthly, quarterly, half-yearly or annually. | Your choice of twice per month, monthly, quarterly, half-yearly or annually. | 'Payment options' section of this PDS |
| How your account is invested | <p>Your choice of investment options (to a maximum of 10) from our investment menu, which includes Ready-made, Select-your-own and Mercer Direct investment options.</p> <p>Investment returns are taxed at a rate of 15% until your TTR allocated pension converts to retirement phase, at which point returns are tax-free.</p> | <p>Your choice of investment options (to a maximum of 10) from our investment menu, which includes Ready-made, Select-your-own and Mercer Direct investment options.</p> <p>Investment returns are tax-free.</p> | <p>'Investments' section of this PDS</p> <p>Also: <i>Investments</i> booklet and <i>Sustainable Investment Information</i> booklet at mercersuper.com.au/pds</p> |
| Withdrawing additional money (lump sum commutations) | <p>Commutations from any unrestricted non-preserved portion of your account balance are allowed at any time.</p> <p>You cannot withdraw money from the preserved portion of your super until you meet a condition of release and your account converts to retirement phase.</p> | Commutations are allowed at any time. | 'Payment options' section of this PDS |
| Tax on pension payments and withdrawals (lump sum commutations) | Pension payments and commutations are tax-free from age 60. | <p>Pension payments and commutations are tax-free from age 60.</p> <p>Tax generally applies to pension payments and commutations before age 60.</p> | 'Tax and Centrelink' section of this PDS |
| Beneficiaries in the event of your death | You can nominate a reversionary or binding (lapsing or non-lapsing) beneficiary. | You can nominate a reversionary or binding (lapsing or non-lapsing) beneficiary. | 'Beneficiaries' section of this PDS |
| Considerations for Centrelink benefits | <p>Your allocated pension details count towards the government's income and assets tests, which assess your eligibility for the Age Pension and other Centrelink entitlements.</p> <p>Any partial or full commutations from your account (if eligible) may also affect your Centrelink entitlements.</p> | <p>Your allocated pension details count towards the government's income and assets tests, which assess your eligibility for the Age Pension and other Centrelink entitlements.</p> <p>Any partial or full commutations from your account may also affect your Centrelink entitlements.</p> | 'Tax and Centrelink' section of this PDS |

Starting an allocated pension

Join Mercer SmartRetirement Income with these simple steps

Important things to know before joining

- You should read this PDS, and the important information booklets that form part of the PDS, to make sure you understand how an MSRI allocated pension works and the features and options available, as well as the risks and fees that apply. If you have any questions, please contact the Helpline on **1800 671 369**.
- You must finalise any tax deductions you intend to claim for personal contributions to your accumulation super account and/or any request to split contributions with your spouse before you transfer your super to begin an allocated pension.
- Once you open an allocated pension, you cannot contribute or roll more money into your account. If you want to use money from more than one accumulation super account or fund to start your allocated pension, it is important to consider consolidating your super before applying to join MSRI.
- If you have insurance cover attached to an accumulation super account, you may need to keep that account open if you want to keep your cover. Insurance cover is not available through MSRI.

General eligibility

The following general eligibility conditions apply in order to start an MSRI allocated pension:

- You must have at least \$10,000 to invest.
- You must be an Australian or New Zealand citizen or an Australian permanent resident.
- To start a TTR allocated pension, **all** of the following must apply to you:
 - You are aged between your 60 and 65.
 - You are not permanently retired.
 - You have not met a condition of release that allows you to fully access your super.
- To start an allocated pension, **any one** of the following must apply to you:
 - You have reached 60 and permanently retired.
 - You are over age 60 and have left an employer since turning 60 (you can generally only open an allocated pension using the super you accumulated before leaving that employer).
 - You are aged 65 or older.
 - You are using only an unrestricted non-preserved portion of your super to begin your allocated pension.
 - You have met another condition of release that allows you to fully access your super, such as being permanently incapacitated. See our *Accessing Your Super Fact Sheet* at mercersuper.com.au/pds for more details.

How to join



Complete the *Application Form* to join MSRI that accompanies this PDS.

If required, you should also complete:

- our *Rollover Form* (only required if transferring money from more than three other super funds), and/or
- the *ATO Tax File Number Declaration Form*.

Send all of your completed forms to:

Mercer Super Trust

GPO Box 4303, Melbourne VIC 3001



If you are transferring your super from an existing account in Mercer SmartSuper or the Corporate Superannuation Division of the Mercer Super Trust, you can use our easy Super-to-Pension online journey to set up your allocated pension. Go to mercersuper.com.au (sign in using your personal login) and access the online application.



Call the Helpline on **1800 671 369**

Minimum investment amount

You must invest at least \$10,000 to start an allocated pension or TTR allocated pension in MSRI.

If you intend to invest in the Mercer Direct investment option once your account is open, you must have at least \$20,000 invested in other investment options. You cannot invest more than 80% of your account balance in Mercer Direct.

Maximum investment amount – transfer balance cap

The information in this section generally applies to an allocated pension only. The transfer balance cap does not apply to a TTR allocated pension until the date that it converts to retirement phase rules (refer to 'Changes to a TTR allocated pension when you retire or at age 65' in the 'Our pension options' section of this PDS).

The government applies a lifetime limit (called the 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). These rules apply to retirement phase pensions started since 1 July 2017 and any existing retirement phase pension account balances you had at 1 July 2017.

The general transfer balance cap is \$1.9 million in 2024/2025 and increasing to \$2 million from 1 July 2025 (which may be indexed in future years). However, if you previously commenced a retirement phase pension, your personal transfer balance cap will be between \$1.6 million and \$2 million as a result of previous indexation to any unused portion of your personal cap.

Compulsory release of excess balance

If you commence a pension account with more than the unused portion of your personal transfer balance cap, the excess must be either:

- Transferred back to an accumulation super account, or
- Withdrawn from the super system.

In addition to removing the excess amount, you may be required to pay excess transfer balance tax at a rate of 15% of the notional earnings on the excess amount. A higher tax rate applies for subsequent assessments.

The ATO keeps track of your personal transfer balance cap and how much of your cap you have used. The ATO will issue any excess transfer balance assessments and excess transfer balance tax assessments.

If any lump sum commutations or family law payments are withdrawn from your account, this reduces the used portion of your personal transfer balance cap. Pension payments from your account do not reduce the used portion of your personal cap.

You can find more information about the transfer balance cap at ato.gov.au or check your personal transfer balance cap in the ATO online services at my.gov.au.



If you have remaining unused space within your personal transfer balance cap, you can open another allocated pension with any other super you have. You cannot contribute or roll more money into an existing allocated pension account.



Warning: It is your responsibility to ensure that you do not exceed your personal transfer balance cap if you want to avoid paying extra tax.

Setting up your pension options

To help make your application and pension set-up as easy as possible, we offer two options – Smart Bundle or tailor your own pension set up:

- **Option 1:** You can select the **Smart Bundle** – this is a retirement strategy based on modelling by our retirement experts, designed to suit the average Australian retiree¹, to combine pension payment and investment options that automatically adjust as you get older. If you select Smart Bundle, we automatically set up your allocated pension with the following features:

Smart Bundle set-up features

Annual pension amount (as a percentage of your account balance)

- Under age 65 – 6%
- Aged 65 to 74 – 7%
- Aged 75 to 79 – 8%
- Aged 80 to 84 – 9%
- Aged 85 to 89 – 11%
- Aged 90 to 94 – 13%
- Aged 95 or over – 16%

The Smart Bundle pension amount settings shown above are calculated as the required minimum annual pension percentage for your age plus 2%. Your Smart Bundle pension amount is recalculated each year in the same way as the minimum requirements. Refer to 'Choose your pension payment amount' for more information.

Payment frequency

Paid twice per month, generally on the 8th and 22nd of each month. If a scheduled payment date falls on a weekend or a Melbourne or Australian national public holiday, we will generally make the payment on the business day before the scheduled date.

¹ Assumptions are based on the median retirement age and average balance at retirement for members of the Mercer Super Trust, life expectancy tables from the Australian Bureau of Statistics (abs.gov.au) and modest living expenses in retirement (ASFA Retirement Standard, moneysmart.gov.au). Modelling also assumes the retiree is a single homeowner with no other income who is eligible for full age pension.

Investment option

Your full account balance is invested in either Mercer SmartPath® for allocated pensions or Taxed Mercer SmartPath for TTR allocated pensions. Refer to the 'Investments' section of this PDS for more information.

- **Option 2: Alternatively, if you prefer to tailor your allocated pension** to better suit your needs, you can select any pension amount (subject to the required minimum (and maximum, if applicable) amount), payment frequency or investment option(s) from our full range of features, as described in the 'Payment options' and/or 'Investments' sections of this PDS.

Regardless of whether you use Smart Bundle or tailor your own pension set-up when you open your account, you have the flexibility to change your payment amount or frequency, and/or your investment option(s), at any time. Refer to the 'Payment options' or 'Investments' sections of this PDS for more information.

If, for any reason, your application form does not give valid and complete instructions for your pension amount, payment frequency and/or investment option, the following settings will apply until you advise us otherwise:

- If you are joining MSRI and are not transferring super from an existing accumulation super account in the Mercer Super Trust, the Smart Bundle setting(s) applicable to your age will apply (as shown above).
- If you are transferring super from an existing accumulation super account in the Mercer Super Trust, your pension payment amount will be set at the minimum allowable pension amount for your age and your payment frequency will be set to monthly (refer to the 'Payment options' section in this PDS for more information). Your account balance will be invested in the same (or a closely aligned) investment option(s) that applied to your accumulation super account balance (refer to 'How to choose your investments' in the *Investments* booklet for more information).



The Smart Bundle pension amount and payment frequency settings have been selected to take into account the potential investment returns and investment objectives for Mercer SmartPath as you get older. Changing these settings may change your expected retirement outcomes. You should consider the options that are most suitable for your individual objectives, financial situation or needs. You should get financial advice tailored to your personal circumstances.

Retirement Bonus payment

If you transfer super from an accumulation super account in the Mercer Super Trust into an MSRI allocated pension, you may be eligible to receive a Retirement Bonus payment from us.

The Retirement Bonus is a way we can give you a credit for expected tax savings that can arise when fund assets move from backing an accumulation super account to backing an allocated pension account. This is because we set aside money that may be needed to pay capital gains tax on the assets that accumulation super accounts are invested in. When money moves into an allocated pension, earnings on assets backing the pension become tax-free, which generally reduces the capital gains tax we may need to pay.

The Retirement Bonus does not apply when you open a TTR allocated pension, which is still in a taxed environment. However, you may be eligible for the payment at the date your TTR allocated pension converts to retirement-phase rules (refer to 'Changes to a TTR allocated pension when you retire or at age 65' in the 'Our pension options' section of this PDS).

Eligibility for the Retirement Bonus

To be eligible to receive a Retirement Bonus, all of the following conditions must apply to you:

- You are eligible to start a retirement phase allocated pension in Mercer SmartRetirement Income (MSRI).
- You have held an Accumulation super account and/or pre-retirement phase Transition to Retirement (TTR) account within the Mercer Super Trust for 12 consecutive months in your name before opening a retirement phase allocated pension (or before the TTR allocated pension converts to retirement phase) with at least one of the investment holdings currently invested in an eligible investment option.
- Eligible investment options include all investment options offered in an Accumulation super account or pre-retirement phase TTR allocated pension in the Mercer Super Trust, other than cash options, fixed interest options the Mercer Direct investment option.
- You have not previously received a Retirement Bonus from the Mercer Super Trust.

How the Retirement Bonus is calculated and paid

The Retirement Bonus is calculated as a percentage of the amount you transfer from eligible investment options (described above) to begin your allocated pension account, subject to a maximum transfer amount of \$1,800,000 for bonus calculation purposes.

The calculation percentage, known as the Retirement Bonus Rate, is determined on a regular basis, depending on the tax position of the Mercer Super Trust, and is the same regardless of which eligible investment option(s) you transfer from.

To find out the current Retirement Bonus Rate or for examples on how the payment works, refer to mercersuper.com.au/retirementbonus.



Warning: At any time, the trustee may stop paying any Retirement Bonus payments at our discretion and without prior notice to you. We may also change the way the payment is calculated or paid (including determining that the Retirement Bonus Rate is zero) or we may change any other terms and conditions associated with the payment. If you close your MSRI account within the first 12 months of joining, the Trustee reserves the right to deduct the total Mercer Super Retirement Bonus from the balance before the remainder is paid to you.

If a Retirement Bonus is payable to you, it will be calculated and credited to your allocated pension account at the date your account is opened once we have received all transferred funds, prior to your first pension payment. No tax is payable on the Retirement Bonus, and it does not count towards your contributions caps.

The Retirement Bonus forms part of your opening account balance and is included when determining your minimum annual pension amount. The Retirement Bonus also counts towards your transfer balance cap (refer to 'Maximum investment amount – transfer balance cap' earlier in this section).



Warning: It is important to consider the impact of your transfer amount, as well as any potential Retirement Bonus, on your personal transfer balance cap. It is your responsibility to monitor how you are tracking against your caps – you can check your personal transfer balance cap in the ATO online services at my.gov.au.

Confirmation of account set-up and online access

After you join MSRI, we will send you your Welcome letter and personal login, which you can use to access your online member account from mercersuper.com.au. You will then be able to access information to help keep you up to date and informed about your pension in the Mercer Super Trust and other relevant information including:

- A welcome letter confirming your pension account arrangements in MSRI
- An online *Mercer Super Trust Annual Report* (Fund Information Statement) to bring you up to speed on investment performance and what has happened in the Mercer Super Trust and MSRI over the year. You can access this from mercersuper.com.au or you can request a hard copy free of charge from the Helpline
- An annual member statement showing transactions and details for your pension account
- An annual Pay As You Go (PAYG) Payment Summary (if required)
- Investment updates and member communications to keep you informed
- Notification of all material changes or the occurrence of significant events
- Confirmation of transactions.

Our online tools include:

- Up to date information on investment options
- Information from our wealth education experts
- Financial planning tools
- Ability to update your contact details and communication preferences.

Keep your contact details up to date

We can only send you information if we have your current contact details. You can update your details at mercersuper.com.au (sign in using your personal login) or call the Helpline.

If the law permits, we may send member communications to you electronically (including member statements and significant event notices) by:

- Email, and/or
- SMS, and/or
- A link to a website so you can download them.

We can also post any documents to you. When you receive your personal login details, simply update your communication preferences online under 'Personal Details' or call the Helpline.

Cooling off

You can write to us to cancel your investment in MSRI within 14 days of joining. This is called the cooling off period.

The 14-day cooling off period starts from the earlier of:

- The date you receive our confirmation of your investment, or
- Five days after you invest.

You will lose your right to cool off if you exercise any rights in MSRI, e.g. if you make an investment switch or withdrawal.

If you cancel your investment during the cooling off period, the amount we refund will be calculated at the price at which the units would have been acquired if you had acquired them on the day the cooling off right is exercised, adjusted for distributions (if any) made to you during the period. Therefore, the amount we refund may be greater or less than the amount initially invested. We also reserve the right to deduct the amount of any Retirement Bonus that was credited to your account.

We will refund your investment in cash or roll it over to an eligible super fund or account,² based on the instructions you provide to us. However, if you have a TTR allocated pension, the following payment conditions apply:

- Any preserved or restricted non-preserved portion of your account balance must be transferred to an eligible super fund or account² of your choice (these amounts cannot be paid to you in cash).
- Any unrestricted non-preserved portion of your account balance can be paid in cash or rolled over to an eligible super fund or account² of your choice.

If you have not given us valid payment instructions within one month of notifying us that you want to cancel your investment, or if your nominated rollover fund or account does not accept the payment, we may transfer your money to the ATO, or for any unrestricted non-preserved portion we may pay it to you in cash.

If we transfer your super to the ATO, you will no longer have any rights in the Mercer Super Trust in relation to this investment. You can contact the ATO to claim this money directly – [visit ato.gov.au](https://www.ato.gov.au) for more information.

² If your allocated pension is a reversionary pension or if it was commenced using a lump sum death benefit, you cannot roll the account balance back to an accumulation super account.

Payment options

You have the flexibility to tailor the way your MSRI pension is paid to suit your needs. You can change your pension payment amount or frequency at any time or withdraw additional money if you need it (subject to certain rules).

Choose your pension payment amount

The government sets a minimum annual pension amount, based on your age (see below). If you have a pre-retirement phase TTR allocated pension, a maximum annual pension amount also applies.

You must receive at least one pension payment from your allocated pension each financial year (except in the first year if you start your pension in June), which can be:

- The **minimum** allowable pension for your age
- Any **nominated dollar amount** greater than your allowable minimum (and less than your maximum for a pre-retirement phase TTR allocated pension)
- Any **nominated percentage**³ of your account balance greater than your allowable minimum (and less than your maximum for a pre-retirement phase TTR allocated pension)
- The **maximum** of 10% of your account balance (applies only to a pre-retirement phase TTR allocated pension)



You can change your pension amount at any time, subject to the minimum (and maximum, if applicable) allowable pension limits, either online at mercersuper.com.au (sign in using your personal login) or by completing our *Request to vary your pension payment form*.

| Age | Minimum annual pension (% of account balance) | Maximum annual pension (% of account balance) – <i>pre-retirement phase TTR allocated pensions only</i> |
|----------|---|---|
| Under 65 | 4% | 10% |
| 65 - 74 | 5% | <i>Not applicable</i> |
| 75 - 79 | 6% | |
| 80 - 84 | 7% | |
| 85 - 89 | 9% | |
| 90 - 94 | 11% | |
| 95+ | 14% | |

Calculating and re-calculating your allowable minimum (and maximum if applicable)

For the financial year that you start your pension:

- Your minimum annual pension (and maximum pension if applicable) is calculated based on your age and opening account balance.
- The minimum annual amount for your first year is pro-rated, based on the number of days remaining from your pension start date to the end of the financial year.
- If you start your pension after 31 May in a financial year, no minimum applies for that financial year (although you can choose to start your pension payments in that financial year if you would like).
- For a TTR allocated pension, the maximum annual amount is not pro-rated, regardless of when your pension begins.

For each following financial year:

- We re-calculate your minimum annual pension (and maximum pension if applicable) based on your age and account balance at 1 July of that year.³

If you nominate a fixed dollar or percentage payment amount, we will continue to pay your pension at that amount each following year unless you notify us of a change. However, if your nominated amount no longer meets the allowable minimum (or maximum) annual pension for your age, we must change your amount and pay you the applicable minimum (or maximum), or you can nominate a new dollar or percentage amount.

The minimum and maximum amounts that apply to you are shown in your online account at mercersuper.com.au (sign in using your personal login) and on your annual benefit statement.



Warning: The higher your pension payments and/or the more money you withdraw from your account, the more quickly your account balance will reduce. There is no guarantee that your allocated pension will last for your lifetime.

³ For the nominated percentage payment amount, your annual payment for the first financial year is calculated using your opening account balance. Your annual payment is recalculated at the beginning of each financial year using your opening account balance for that year (equal to your closing balance on the prior 30 June). If you change your nominated percentage (or change to this nominated percentage payment option) during a financial year, your remaining pension payments for the year will be based on your opening account balance for that year multiplied by your new nominated percentage and divided by your payment frequency (e.g. 12 if monthly).

Annual pension payment indexation option

If you nominate a fixed dollar payment amount, you can opt in to receive annual indexation, which means from your first pension payment after 1 July each year, your payment amount increases based on movement in the Consumer Price Index (CPI).⁴

If you choose to receive the allowable minimum (or maximum, if applicable) annual pension, or if you nominate a fixed percentage payment amount, annual CPI indexation is not available.

Working out how much pension you need and how long your pension will last

The amount of pension you want or need to receive each year depends on factors such as the lifestyle you want to lead, how long you think your money needs to last and planning for future expenses. Our **Retirement Income Simulator** at supercalcs.com.au/ris9/mst can give you an estimate of how long your super may last depending on different payment amounts. It can also help you work out how much money you may need each year in retirement (choose 'Budget planner' from simulator menu for this option).

Choose your payment frequency

You can choose how often you receive your pension payments.

| Frequency | Payment date ⁵ |
|------------------------|---|
| Twice per month | 8th and 22nd day of each month ⁶ |
| Monthly | 15th day of each month |
| Quarterly | 15th day of the start month you nominate and then every 3 months thereafter |
| Half-yearly | 15th day of the start month you nominate and then every 6 months thereafter |
| Annually | 15th day of the start month you nominate and then every 12 months thereafter. |

Your pension must be paid to your nominated Australian bank, building society or credit union account held in your name (including a joint account). To prevent any delays with your pension payments, if you change bank accounts please let us know as quickly as possible.



You can change your payment frequency at any time, either online at mercersuper.com.au (sign in using your personal login) or by completing our *Request to vary your pension payment form*

How pension payments are deducted

Deductions from investment options

If you have selected more than one investment option for your account balance (excluding the Mercer Direct investment option), you have the flexibility to nominate a drawdown strategy where your pension payments will be paid from:

- **Proportional payments:** Each payment is deducted from your investments in the same proportion as your account balance.
- **Percentage payments:** Each payment is deducted proportionally from the investment option(s) that you nominate, based on the percentage you nominate. This percentage can, but does not have to, match the way your account balance is allocated to each option.
- **Priority payments:** Each payment is deducted from only one investment option at a time, based on the priority order you nominate. Payments will be drawn from your first nominated investment option until it is depleted, then drawn from your next nominated option and so on.

Pension payments cannot be deducted from the Mercer Direct investment option.

If you don't select a drawdown strategy, or your selection can not be applied for any reason including that there is no money left in your selected Percentage or Priority payment option/s, your pension payments will be made proportionally.

⁴ CPI measure used for pension indexation in MSRI is the *Weighted Average of Eight Capital Cities, All Groups* CPI index, published by the Australian Bureau of Statistics. The increase applied at 1 July will be based on the annual movement in this CPI to the previous March quarter, subject to a minimum of zero.

⁵ If a scheduled payment date falls on a weekend or a Melbourne or Australian national public holiday, we will generally make the payment on the business day before the scheduled date.

⁶ Each pension payment is equal to your annual pension amount divided by 24.

Example: Proportional payments

If at the time the payment is deducted from your investments, your current balance is invested in 75% Mercer Conservative Growth and 25% Mercer Select Growth, then your pension payments will also be paid in the same proportion (i.e. 75% Mercer Conservative Growth and 25% Mercer Select Growth).

Example: Percentage payments

If your account balance is invested in Mercer Conservative Growth and Mercer Select Growth, you could choose to have your payments deducted 100% from either of those options. Alternatively, you could have your payments deducted from those options in any percentage you choose, e.g. 95% from Mercer Conservative Growth and 5% from Mercer Select Growth. If there is no money left in one of your options, payments are deducted from your remaining options.

Example: Priority payments

If your account balance is invested in Mercer Conservative Growth, Mercer Property and Mercer Select Growth, you could choose to have your payments deducted from Mercer Conservative Growth as priority 1, Mercer Select Growth as priority 2 and Mercer Property as priority 3. Your full payment amount is deducted only from your priority 1 option. Once there is no money left in that option, the full payment amount is deducted from your priority 2 option, and so on.



You can change your payment deduction instructions at any time, either online at mercersuper.com.au (sign in using your personal login) or by completing our *Changing your investment option – Mercer SmartRetirement Income* form

Deductions from TTR allocated pension preservation components

You cannot choose how your pension payments are deducted from the preservation components that make up your account balance. Your pension payments (as well as any lump sum commutations) must be deducted wholly from any unrestricted non-preserved portion of your account balance first. Once that portion is exhausted, payments are deducted from any restricted non-preserved portion and finally from any preserved portion of your balance.

Additional withdrawals (commutations)

There may be times when you want to withdraw extra money in cash from your account. This is called a lump sum commutation. Different withdrawal rules and tax applies to these payments – refer to the ‘Tax and Centrelink’ section of this PDS for more information. A lump sum commutation does not count towards your minimum annual pension amount.

For an allocated pension or a TTR allocated pension that has converted to retirement phase, you can withdraw some or all of your money in cash at any time, subject to the minimum withdrawal amount described below.

For a pre-retirement phase TTR allocated pension, you can only make lump sum withdrawals from the unrestricted non-preserved portion of your account balance, if any.

If you have an allocated pension, or you have a TTR allocated pension that has converted to retirement phase, any lump sum commutation (or any withdrawal rolled back to an accumulation super account) reduces the used portion of your personal transfer balance cap.

If your allocated pension is a reversionary pension or if it was commenced using a lump sum death benefit, you cannot roll any commutation amount back to an accumulation super account.

**Warnings**

The higher your pension payments and/or the more money you withdraw from your account, the more quickly your account balance will reduce. There is no guarantee that your allocated pension will last for your lifetime.

Commutations may affect your Centrelink entitlements. If you receive a partial or full commutation from your account (including where a withdrawal is rolled back to an accumulation super account), you need to report this information to Centrelink within 14 days.

Minimum withdrawal amount

For any lump sum commutation, you must withdraw at least \$500 from your account, unless one of the following applies:

- Your account balance is less than \$500, in which case you must withdraw your full balance.
- You meet the criteria of being permanently incapacitated or having a terminal medical condition.
- The withdrawal is needed to pay a super-related tax liability.
- The withdrawal is a family law payment split.



You can request a lump sum withdrawal (commutation) by completing our *Request for Partial/Full Commutation (Withdrawal)* in Mercer SmartRetirement Income form. You can also request partial commutations online at mercersuper.com.au (sign in with your personal login).



Warning: Different withdrawal rules apply if you are invested in the Mercer Direct investment option. For more information, refer to ‘Mercer Direct’ in the ‘Investments’ section of this PDS and the Mercer Direct Member Guide at mercersuper.com.au/pds.

Investments

We give you the flexibility to tailor your investment strategy by offering a range of investment options that you can choose from. In addition to this section, please also read the *Investments booklet* and *Sustainable Investment Information booklet* (available at mercersuper.com.au/pds) for more information about our investment options.

You can invest your allocated pension account balance in any one or more of our investment options. The investment menu is made up of:

- **Ready-made options** – this range of investment options combine a mix of asset classes and management styles to target a stated investment objective. MIAL as implemented consultant chooses and monitors the investment managers and decides how to allocate across the different asset classes, which may be growth or defensive oriented, or a mix of both.
- The Ready-made options include the **Mercer SmartPath® investment option**, which adapts your investment strategy as you age. It is invested with a higher allocation of growth assets in your younger years and exposure to growth assets gradually reduces as you get older.
- **Select-your-own options** – this range of investment options is designed for those who want to be more hands-on and blend investment options to suit specific needs. The Select-your-own options include the Mercer Sustainable options and the Mercer sector options, as well as passive and enhanced passive options.
- **Mercer Direct** – this investment option allows you to take control of your investments by choosing from a range of shares, exchange traded funds and term deposits.

Refer to 'Mercer investment menu' in this section of the PDS for a list of all investment options, as well as the *Investments booklet* at mercersuper.com.au/pds for more detailed information about each option.

TTR allocated pension members

If you have a TTR allocated pension being paid under pre-retirement phase rules, your account balance must be invested in one or more of our taxed investment options. Investment earnings on these options are taxed at a rate of 15%. Once your account is converted to retirement phase allocated pension rules, investment earnings on your account balance become tax-free. To facilitate this change, we will switch your account balance into the equivalent tax-free investment option(s). Refer to 'Changes to a TTR allocated pension when you retire or at age 65' in the 'Our pension options' section of this PDS for more information.

About the Mercer SmartPath investment option

The Mercer SmartPath investment option takes a whole of life approach to investing your pension. This means we actively manage your investment in Mercer SmartPath to help ensure your asset mix is in line with your life stage, based on your age.

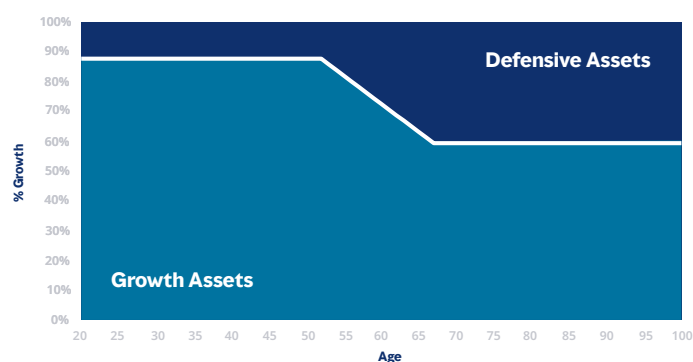
Your pension will be placed in the relevant path for your year of birth (you cannot choose the path) and you will remain in that path as long as you invest in Mercer SmartPath.

How Mercer SmartPath® changes over time

When you're younger, Mercer SmartPath starts with a higher allocation of growth assets (approximately 88% growth and 12% defensive). As you get older, your exposure to growth assets will gradually reduce, where generally the investment returns are less volatile. This gradual adjustment continues until the allocation reaches approximately 60% growth and 40% defensive at ages 65 to 70. This gradual adjustment to the asset allocation is called the Glidepath, which is shown in the diagram below.

See the *Investments booklet* at mercersuper.com.au/pds for more information about Mercer SmartPath.

Indicative Mercer SmartPath Glidepath at 1 January 2025



Default investment option

The default investment option depends on how you are starting your allocated pension. The following default investment options will apply, unless you direct otherwise in your application (including if you elect to use our Smart Bundle strategy to set up your pension features):

- If you are joining MSRI and are not transferring super from an existing accumulation super account in the Mercer Super Trust, the default investment option is Mercer SmartPath for allocated pensions or Taxed Mercer SmartPath if you have a TTR allocated pension.
- If you are transferring super from an existing accumulation super account in the Mercer Super Trust, your account balance will be invested in the same (or a closely aligned) investment option(s) that applied to your accumulation super account balance (excluding any balance invested in the Mercer Direct investment option). Refer to 'How to choose your investments' in the *Investments* booklet at mercersuper.com.au/pds for more information on how default investment options are mapped in these circumstances.



You can change your investment options at any time, either online at mercersuper.com.au (sign in using your personal login) or by completing our *Changing your investment options – Mercer SmartRetirement Income* form.

Considerations when choosing investment options

When considering which investment option or mix of options is right for you, it is important to consider the ultimate purpose for your money, your personal circumstances and your retirement goals. We call these your investment and income needs.

Different investor types

Different people have different investment needs, depending on their individual circumstances and goals. The type of investment options you choose also depends on the type of investor you are and how comfortable you are to accept volatile or negative investment returns. For example, are you a more cautious investor seeking stability as the main priority for your account balance, or do you have a more aggressive attitude to risk and are willing to trade off security to achieve a high level of returns.



Our **Retirement Income Simulator** can help you determine your personal risk profile so you can work out what investment strategies best fit your circumstances. You can access the simulator online at mercersuper.com.au (sign in using your personal login) or go to supercalcs.com.au/ris9/mst. Choose 'Risk profile' from simulator menu for this option).

Your income needs

The decisions you make about investment options are important, as they can impact how much income you receive and how long your money lasts. Your retirement is different to when you were working and receiving a regular salary (or wage), so you need to think about where your retirement income will come from.

Short and long-term income needs

It might appear easier to select just one investment option. However, you need to make sure you consider both your short-term income needs (income for the next 5 years) and long-term income needs (income for 5 years and beyond).

- **Short-term needs** mean more focus on protecting your savings because you will withdraw the money sooner. An investment option with a lower chance of negative returns may be more suitable, but the risk in the short-term is that you do not necessarily have the time to ride out any market declines.
- **Long-term needs** mean more focus on investment options that will grow your savings above inflation because you will have more time to ride out any market ups and downs. The risk in the long-term is that your money will run out earlier than you planned.



You should also read the *Investments* booklet and *Sustainable Investment Information* booklet at mercersuper.com.au/pds, which include important information about:

- Investment options in detail, including investment objective, standard risk measure and asset allocation
- How we invest your assets
- Investment risks
- The extent to which Environmental, Social and Governance (ESG) factors are taken into account for the Mercer investment options.



Warning: Before making an investment decision, you should carefully consider your ability to tolerate risk, such as the probability of an investment loss, and seek to understand the different types of risks that apply to the investment options. This is important as your investment returns are not guaranteed and as such you may get back less money than you invest. We recommend you seek financial advice tailored to your personal circumstances.

Mercer investment menu

The following table summarises the investment options available to you. More information on each option is provided in the *Investments* booklet. You can also find out more about how Mercer's sustainable investment approach is implemented within the Mercer investment options in the *Sustainable Investment Information* booklet. These booklets are available at mercersuper.com.au/pds.

The trustee may add, remove or alter investment options. We will advise you of any changes as required by law.

| | Taxed investment options (for TTR allocated pensions in pre-retirement phase) | Tax free investment options (for allocated pensions and TTR allocated pensions in retirement phase) |
|--|--|--|
| Ready-made | | |
| These options provide access to a combination of asset classes to target a stated investment objective. | • Taxed Mercer SmartPath | • Mercer SmartPath |
| | • Taxed Mercer High Growth | • Mercer High Growth |
| | • Taxed Mercer Select Growth | • Mercer Select Growth |
| | (A taxed equivalent of this option is not available) | • Mercer Growth |
| | • Taxed Mercer Moderate Growth | • Mercer Moderate Growth |
| | • Taxed Mercer Conservative Growth | • Mercer Conservative Growth |
| Select-your-own | | |
| Mercer Sustainable options Within these options, some asset classes incorporate additional sustainability criteria. We recommend you read the <i>Sustainable Investment Information</i> booklet before making an investment decision. | • Taxed Mercer Sustainable High Growth | • Mercer Sustainable High Growth |
| | • Taxed Mercer Sustainable Conservative Growth | • Mercer Sustainable Conservative Growth |
| Mercer Sector options These options offer exposure to mainly one major asset class. | • Taxed Mercer Australian Shares | • Mercer Australian Shares |
| | • Taxed Mercer International Shares | • Mercer International Shares |
| | • Taxed Mercer International Shares—Hedged | • Mercer International Shares—Hedged |
| | • Taxed Mercer Property | • Mercer Property |
| | • Taxed Mercer Global Listed Property | • Mercer Global Listed Property |
| | • Taxed Mercer Fixed Interest | • Mercer Fixed Interest |
| | • Taxed Mercer Cash | • Mercer Cash |
| | • Taxed Mercer Passive Australian Shares | • Mercer Passive Australian Shares |
| | • Taxed Mercer Passive International Shares | • Mercer Passive International Shares |

| | Taxed investment options (for TTR allocated pensions in pre-retirement phase) | Tax free investment options (for allocated pensions and TTR allocated pensions in retirement phase) |
|---|---|--|
| Mercer Passive and Enhanced Passive options These options aim to perform broadly in line with their benchmark, some may have exposure to active management. | <ul style="list-style-type: none"> Taxed Mercer Passive Australian Listed Property | <ul style="list-style-type: none"> Mercer Passive Australian Listed Property |
| | <i>(A taxed equivalent of this option is not available)</i> | <ul style="list-style-type: none"> Mercer Enhanced Passive High Growth |
| | <ul style="list-style-type: none"> Taxed Mercer Enhanced Passive Growth | <ul style="list-style-type: none"> Mercer Enhanced Passive Growth |
| | <i>(A taxed equivalent of this option is not available)</i> | <ul style="list-style-type: none"> Mercer Enhanced Passive Moderate Growth |
| | <i>(A taxed equivalent of this option is not available)</i> | <ul style="list-style-type: none"> Mercer Enhanced Passive Conservative Growth |
| Mercer Direct | | |
| This option provides access to a range of shares, Exchange Traded Funds (ETFs) and term deposits. | <ul style="list-style-type: none"> Mercer Direct | <ul style="list-style-type: none"> Mercer Direct |

Mercer Direct

The Mercer Direct investment option allows you to take control of your investments. You can choose from a range of shares, a selection of ETFs listed on the Australian Securities Exchange (ASX), as well as a range of term deposits.

Mercer Direct offers extra investment choice and control, combined with the convenience of maintaining a single pension account within the Mercer Super Trust, with easy online access and one consolidated annual statement.

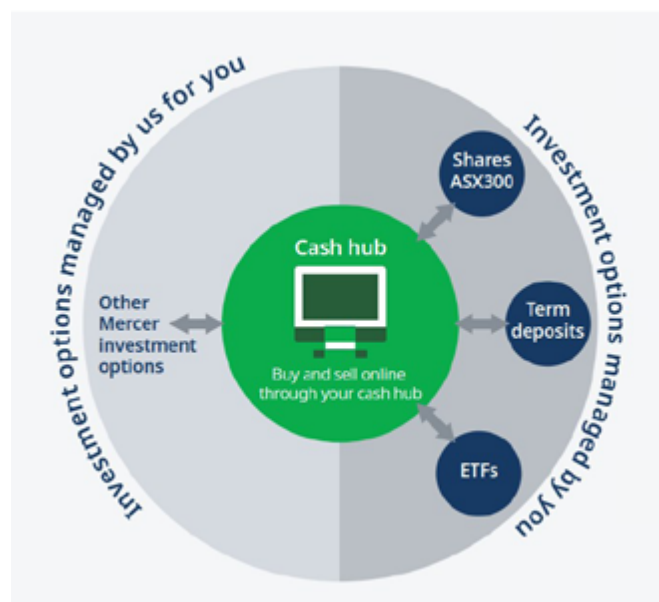
Mercer Direct uses an online trading platform where you can trade in real time (during ASX trading hours), monitor your account, generate reports and access information.

To be eligible to invest in Mercer Direct, you must initially have a minimum account balance of \$20,000 invested in other investment options. You can invest a maximum of 80% of your account balance in Mercer Direct.

How it works

Once your allocated pension account is open, you can go online at mercersuper.com.au (sign in using your personal login) and transfer a dollar amount from a Ready-made and/or Select-your-own investment option into the Mercer Direct investment option. Once you have transferred a dollar amount into the Mercer Direct Cash Hub, you can use those funds to purchase shares, ETFs and/or term deposits via the online trading platform.

For more information about Mercer Direct, refer to the 'Mercer Direct investment option' section of the Investments booklet and the Mercer Direct Member Guide, both available at mercersuper.com.au/pds.



Risks of Mercer Direct

Investing in the Mercer Direct investment option is different from the other investment options available through MSRI. This is because you choose your own investments and your portfolio is likely to be unique. With this greater degree of control comes a greater responsibility to understand the nature of your investments and their ability to generate your intended return and satisfy your desired level of risk.

It is also important to note that, unlike other investment options, you cannot make partial withdrawals directly from the Mercer Direct investment option without first transferring funds into an MSRI Ready-made and/or Select-your-own investment option(s) of your choice.

See the *Investments* booklet at mercersuper.com.au/pds for more information on the specific risks for Mercer Direct.

Withdrawal requests from Mercer Direct

Any withdrawals (commutations or rollovers) that you request are deducted from the Ready-made and/or Select-your-own investment option(s) you have nominated for your regular pension payment deduction (refer to 'How payments are deducted' in the 'Payment options' section of this PDS). Your nominated deductions can only come from investment options other than Mercer Direct. Withdrawals cannot be deducted directly from Mercer Direct.

You need to ensure you have enough money in your non-Mercer Direct options to cover your regular pension payments and any withdrawal requests.

If you do not have enough money in your other investment options but you have an investment in Mercer Direct, we will contact you to work out how we should proceed for any withdrawal request. If we are unable to contact you, we will not process your withdrawal request. You will need re-submit the withdrawal request once you have made sufficient funds available by selling your Mercer Direct investments and switching that resulting cash to your other investment option(s).

If we are unable to contact you before your next regular pension payment is due, we will pay money from your Mercer Direct investment so we are able to meet the minimum income amount (refer to the *Mercer Direct Member Guide* at mercersuper.com.au/pds for more information).

Exiting from Mercer Direct

If you wish to close your Mercer Direct account, you must first sell all your investments made through it. Once all trades have settled and/or term deposits have cashed out, and all pending income proceeds available in your Cash Hub, it can be closed.

To exit Mercer Direct, you will need to switch your balance from that option to your other MSRI investment option(s).

The Cash Hub will remain open until any outstanding dividends or distributions have been received and all corporate actions have been processed.

Once all of these amounts are paid, these funds will be transferred to your Mercer Super Trust account and your Mercer Direct account will be closed. You can find more information about exiting Mercer Direct in the *Mercer Direct Member Guide* at mercersuper.com.au/pds.

Risks of investing

All investments, including super and pensions, carry risks.

Investment risks

Investment risk generally describes the risk of an investor getting back less money than they put in. Taxes, expenses and low or negative investment returns can also have an impact on investment risk in super.

Investment options each have different levels and types of risks, depending on the assets they invest in. Generally, assets with the highest long-term return may also carry the highest level of short-term risk. Returns for each investment option will vary and future returns may be different to past returns.

Your investment could rise or fall in value or produce a return that is less than expected. Rises and falls in value can happen quickly and for many reasons. Investment returns are not guaranteed and an investor may lose some or all of their money.

Some investment options may also be exposed to other risks if they invest in certain types of assets. For example, currency risk, inflation risk, derivative risk, or other specific risks.

We show you investment risk for our investment options by using the standard risk measure (SRM). The SRM is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. Please refer to the *Investments* booklet for more information on the SRM and explanation of some of the types of investment risks.

You can help manage investment risk by choosing investment options that are diversified across different asset classes, regions and investment managers.

Other risks

Other risks may include, but are not limited to:

- Super and tax laws (and associated laws such as social security) may change in the future, which may affect the tax effectiveness of your super or pension or when or how your benefits can be paid to you.
- An allocated pension account 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.
- Changes to fees and costs can also have an impact on your pension account balance.
- Your account balance may not be enough to adequately meet your retirement needs and could run out.
- Before beginning an allocated pension, you should consider if there are any implications from withdrawing from or closing your accumulation super account, including if any insurance cover may end. Insurance cover is not available through an allocated pension. If you need insurance cover, you may need to consider keeping an accumulation super account open or making personal arrangements outside of super.

How risk affects you

Your level of acceptance for risk may vary depending on a range of factors including, but not limited to, your age, investment timeframe, your risk tolerance and the extent and type of your other investments.



Before making an investment decision, you should carefully consider your ability to tolerate risk, such as the probability of an investment loss, and seek to understand the different types of risks that apply to the investment options. This is important as your investment returns are not guaranteed and as such you may get back less money than you invest.

You should also read the important information about investment risks in the 'Understanding investment risks' section of the *Investments* booklet, and the additional risks specific to Mercer Direct in the 'Mercer Direct investment option' section of the *Investments* booklet and the *Mercer Direct Member Guide*. These documents are available at mercersuper.com.au/pds.

Fees and other 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) has a superannuation calculator to help you check out different fee options.

The above text is prescribed by law. Fees and costs for MSRI are not subject to negotiation and are as outlined in this section of the PDS.

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

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

Fees and costs summary

| Mercer SmartRetirement Income | | |
|--|---|---|
| Type of fee or cost | Amount | How and when paid |
| Ongoing annual fees and costs⁷ | | |
| Administration fees and costs | <ul style="list-style-type: none"> 0.00% to 0.15% p.a. asset-based administration fee. <p>If the balance of your allocated pension account (excluding any balance in the Mercer Direct investment option) is over \$500,000, then the asset-based administration fee for your balance over \$500,000 is 0.00%. See the 'Breakdown of certain fees and costs table' in this PDS for the specific asset-based administration fee for each investment option.</p> | <p>Generally calculated and deducted daily when unit prices are determined, reducing investment returns of the investment option.</p> <p>If the asset-based administration fee deducted from the unit price is greater than the applicable fee for MSRI, we will credit the difference on the last day of the month (or when you leave MSRI) to your pension account balance by issuing additional units.</p> <p>For the Mercer Direct investment option, these fees and costs are generally deducted on the last day of the month from your pension account balance.</p> <p>These deductions are allocated in proportion to the amount you have invested in each investment option (excluding any balance in Mercer Direct).</p> |
| | <ul style="list-style-type: none"> Plus 0.05% p.a. of your pension account balance as an estimated expense allowance. | <p>Deducted from the member reserve. This cost is not charged directly to your pension account but will reduce the member reserve balance held by the Mercer Super Trust.</p> |
| | <p>Plus</p> <p>If you invest in the Mercer Direct investment option, you will also pay:</p> <ul style="list-style-type: none"> \$220 p.a. (\$18.33 per month) portfolio administration fee. | <p>Generally deducted on the last day of the month from your pension account balance.</p> <p>This deduction is allocated in proportion to the amount you have invested in each investment option (excluding any balance in Mercer Direct).</p> |
| | <ul style="list-style-type: none"> For taxed investment options¹⁰: Estimated to be between 0.12% to 1.04% p.a. of your pension account balance depending on the investment option you choose. For tax-free investment options¹⁰: Estimated to be between 0.12% to 1.14% p.a. of your pension account balance depending on the investment option you choose. <p>See the 'Breakdown of certain fees and costs table' in this PDS for the specific investment fees and costs for each investment option.</p> | <p>Generally calculated and deducted daily when unit prices are determined, reducing investment returns of the investment option.</p> |
| Investment fees and costs^{8,9} | <ul style="list-style-type: none"> Plus an estimated 0.000% p.a. of Mercer Super Trust assets as other investment costs. | <p>Deducted from the member reserve. This cost is not charged directly to your pension account but will reduce the member reserve balance held by the Mercer Super Trust.</p> |

⁷ If your account balance for a product offered by the superannuation entity is less than \$6,000 at the end of the entity's income year, certain fees and costs charged to you in relation to administration and investment are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

⁸ Investment fees and costs includes an amount of between 0.00% and 0.11% for taxed investment options and between 0.00% and 0.15% for tax-free investment options for performance fees. The calculation basis for this amount is set out under 'Additional explanation of fees and costs' in this section of the PDS.

⁹ Costs are generally based on the previous financial year ending 30 June 2024. The actual amount will change from year to year and may be more or less than the amounts shown. For details of the calculation basis for these amounts, see 'Additional explanation of fees and costs' in this section of this PDS.

¹⁰ Taxed investment options apply to TTR allocated pensions in pre-retirement phase. Tax-free investment options apply to allocated pensions and TTR allocated pensions in retirement phase.

| Mercer SmartRetirement Income | | |
|--|---|--|
| Type of fee or cost | Amount | How and when paid |
| Ongoing annual fees and costs⁷ (continued) | | |
| Transaction costs¹³ | <ul style="list-style-type: none"> • For taxed investment options¹⁰: Estimated to be between 0.00% to 0.34% p.a. of your pension account balance depending on the investment option you choose. • For tax-free investment options¹⁰: Estimated to be between 0.00% to 0.45% p.a. of your pension account balance depending on the investment option you choose. <p>See the 'Breakdown of certain fees and costs table' in this PDS for the specific transaction costs for each investment option.</p> | Generally calculated and deducted daily when unit prices are determined, reducing investment returns of the investment option. |
| Member activity related fees and costs | | |
| Buy-sell spread | Nil. | Not applicable. |
| Switching fee | Nil. | Not applicable. |
| Other fees and costs¹¹ | We may apply other fees and costs which include family law fees and advice fees (for personal advice which may be negotiable). | |

Example of annual fees and costs for a superannuation product

This table gives an example of how the ongoing annual fees and costs for the Mercer SmartPath investment option for this superannuation product can affect your superannuation investment over a 1-year period. You should use this table to compare this superannuation product with other superannuation products.

| EXAMPLE – Taxed Mercer SmartPath BALANCE OF \$50,000 (Born 1959 to 1963 path) | | |
|--|--------|---|
| Administration fees and costs | 0.202% | For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment \$101 in administration fees and costs. |
| PLUS Investment fees and costs | 0.58% | And , you will be charged or have deducted from your investment \$290 in investment fees and costs. |
| PLUS Transaction costs | 0.07% | And , you will be charged or have deducted from your investment \$35 in transaction costs. |
| EQUALS Cost of product | | If your balance was \$50,000 at the beginning of the year, then for that year you will be charged fees and costs of \$426* for the superannuation product. |

Note: *Additional fees may apply.

| EXAMPLE – Mercer SmartPath BALANCE OF \$50,000 (Born 1954 to 1958 path) | | |
|--|--------|---|
| Administration fees and costs | 0.202% | For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment \$101 in administration fees and costs. |
| PLUS Investment fees and costs | 0.62% | And , you will be charged or have deducted from your investment \$310 in investment fees and costs. |
| PLUS Transaction costs | 0.07% | And , you will be charged or have deducted from your investment \$35 in transaction costs. |
| EQUALS Cost of product | | If your balance was \$50,000 at the beginning of the year, then for that year you will be charged fees and costs of \$446* for the superannuation product. |

Note: *Additional fees may apply.

¹¹ See 'Additional explanation of fees and costs' in this section of the PDS for further details.

Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your superannuation investment over a 1-year period for all superannuation products and investment options. It is calculated in the manner shown in the *Example of annual fees and costs*.

The cost of product information assumes a balance of \$50,000 at the beginning of the year. (Additional fees such as a buy-sell spread may apply: refer to the *Fees and costs summary* for the relevant superannuation product or investment option.)

You should use this figure to help compare superannuation products and investment options.

| Investment option | Cost of product | |
|---|--|--|
| | Taxed investment options (for TTR allocated pensions in pre-retirement phase) | Tax-free investment options (for allocated pensions and TTR allocated pensions in retirement phase) |
| Ready-made | | |
| Mercer SmartPath | | |
| Born prior to 1949 | n/a | \$426 |
| Born 1949 to 1953 | n/a | \$436 |
| Born 1954 to 1958 | n/a | \$446 |
| Born 1959 to 1963 | \$426 | \$421 |
| Born 1964 to 1968 | \$371 | \$371 |
| Mercer High Growth | \$466 | \$456 |
| Mercer Select Growth | \$676 | \$731 |
| Mercer Growth | n/a | \$426 |
| Mercer Moderate Growth | \$426 | \$451 |
| Mercer Conservative Growth | \$391 | \$406 |
| Select-your-own | | |
| Mercer Sustainable | | |
| Mercer Sustainable High Growth | \$451 | \$436 |
| Mercer Sustainable Conservative Growth | \$381 | \$381 |
| Mercer Sector | | |
| Mercer Australian Shares | \$406 | \$381 |
| Mercer International Shares | \$421 | \$421 |
| Mercer International Shares — Hedged | \$471 | \$481 |
| Mercer Property | \$731 | \$806 |
| Mercer Global Listed Property | \$481 | \$496 |
| Mercer Fixed Interest | \$216 | \$211 |
| Mercer Cash | \$161 | \$161 |
| Mercer Passive and Enhanced Passive | | |
| Mercer Passive Australian Shares | \$216 | \$216 |
| Mercer Passive International Shares | \$211 | \$216 |
| Mercer Passive Australian Listed Property | \$266 | \$236 |
| Mercer Enhanced Passive High Growth | n/a | \$226 |
| Mercer Enhanced Passive Growth | \$261 | \$256 |
| Mercer Enhanced Passive Moderate Growth | n/a | \$266 |
| Mercer Enhanced Passive Conservative Growth | n/a | \$276 |
| Mercer Direct¹² | \$296 | \$296 |

¹² Other fees and costs may apply if you are invested in the Mercer Direct investment option including: a brokerage fee, a management fee for exchange traded funds and a term deposit break fee. For more details see 'Additional explanation of fees and costs' in this section of this PDS.

Additional explanation of fees and costs



Information about fees and costs may change from time to time and if it is not materially adverse, will be made available online at mercersuper.com.au/pds. A paper copy of any updated information will be given or an electronic copy made available on request at no charge by calling the Helpline. We will advise you directly of any material changes as required by law.

Past fees and costs may not be a reliable indicator of future fees and costs.

Administration fees and costs

Administration fees and costs relate to the administration and operation of the Mercer Super Trust (see the 'Defined fees' section of this PDS) and include:

- An asset-based administration fee
- An estimated expense allowance
- Costs deducted from the member reserve.

Asset-based administration fee and crediting additional units

For all investment options except the Mercer Direct investment option, we deduct a standard asset-based administration fee of 0.15% per annum from each investment option before the unit price is determined.

If the asset-based administration fee applicable to all or part of your pension account balance is less than the standard fee, we credit additional units monthly (at the end of each month) to your pension account. The amount of additional units will be based on the difference between the standard asset-based administration fee deducted and the asset-based administration fee applicable to you as described in the *Fees and costs summary table*.

We allocate any additional units in proportion to the amount you have invested in each investment option (excluding Mercer Direct).

Mercer Direct – asset-based administration fee

For the Mercer Direct investment option, the asset-based administration fee is generally deducted on the last day of the month from your pension account balance. This deduction is allocated in proportion to the amount you have invested in each investment option (excluding any balance in Mercer Direct).

Estimated expense allowance

The trustee has the right to reimburse itself from the assets of the Mercer Super Trust. These reimbursements are for actual outgoings reasonably incurred with the running of the Mercer Super Trust. The trustee is also entitled to be indemnified out of the assets of the Mercer Super Trust if it incurs any liabilities, losses, costs and expenses in administering the Mercer Super Trust. See 'Trustee's indemnity' in the 'Other important information' section of this PDS for more details about this right of indemnity.

The estimated expense allowance is included in the administration fees and costs of the relevant investment option (as set out in the 'Fees and costs summary' table) and paid by members by way of an adjustment to the unit price, reducing the investment performance of the relevant option.

If you are invested in the Mercer Direct investment option, the estimated expense allowance is generally calculated and deducted on the last day of each month from your pension account balance (in accordance with the proportion you hold in each investment option). This fee is calculated as follows:

Applicable annual expense allowance times your balance in the Mercer Direct investment option (on the last day of the month) divided by 12.

The estimated expense allowance varies from year to year reflecting the actual expenses incurred. Therefore, it is not possible to provide a precise figure for the estimated expense allowance for investment options as they are not known until the end of the financial year.

The actual expense allowances will be provided in the *Mercer Super Trust Annual Report* (Fund Information Statement) for the relevant financial year.

Cost deducted from the member reserve

The trustee currently pays certain administration costs, which relate to the administration of the Mercer Super Trust, from the member reserve. These costs are not charged directly to your pension account but have reduced the member reserve balance held by the Mercer Super Trust.

The size of the member reserve is reported each year in the *Mercer Super Trust Annual Report* (Fund Information Statement).

Investment fees and costs

The following information applies to all investment options except the Mercer Direct investment option.

Investment fees and costs relate to expenses incurred either directly or indirectly for the investment of the assets of the Mercer Super Trust. They apply to each investment option and typically vary depending on the type of assets the option invests in and the management style (for example, active or passive).

Investment fees are the fees payable to the trustee for the exercise of care and expertise relating to the investment of the assets of the Mercer Super Trust and generally include the fees payable to the underlying investment managers for most asset classes (including performance fees).

Each investment option has associated investment costs that are incurred by the underlying investment vehicles into which the Mercer Super Trust invests. They may include but are not limited to:

- Investment fees for certain asset classes, such as investments in direct/unlisted real assets, (asset classes such as, but not limited to, property, infrastructure, private equity and private debt)
- Any expenses charged by the underlying investment vehicles or manager of those vehicles
- Over-the-counter derivative costs.

For each investment option, the estimated investment fees and costs are set out in the 'Breakdown of certain fees and costs' table on the following pages. They are estimates only based on the actual fees and costs for the financial year ending 30 June 2024 and include performance fees. Where an investment option has not been available for the previous 12 months or actuals are not available, we will use an estimate based on the relevant period.

The actual investment fees and costs are determined at the end of each financial year and are advised in the *Mercer Super Trust Annual Report* (Fund Information Statement).



Information about investment fees and costs may change from time to time and if it is not materially adverse, will be made available online at mercersuper.com.au/pds.

A paper copy of any updated information will be given or an electronic copy made available on request at no charge by calling the Helpline. We will advise you directly of any material changes as required by law.

Past fees and costs may not be a reliable indicator of future fees and costs

Performance fees

The trustee does not directly charge any performance fees. However, performance fees may be charged by underlying investment vehicles or managers of those vehicles, and these are included in the investment fees and costs.

Performance fees are reflected in the unit price of the underlying investment vehicle and accordingly form part of the investment fees and costs of the relevant investment option.

Underlying investment vehicles or managers that charge a performance fee will generally only apply those fees when performance meets or exceeds an agreed target. Accordingly, performance fees arise when higher returns, relative to a specified target for a particular investment manager, are achieved.

Where applicable, performance fees are based on an average for the five-year period ending 30 June 2024 (unless the option has been available for a shorter inception period or the actuals are not available for the most recent financial year in which case we use a reasonable estimate) as shown in the tables on the following pages.

Performance fees are based upon the latest information provided by the underlying investment managers, as well as historical expenses and performance fees for the actual assets held by the Mercer Super Trust as at the effective date of this PDS.

Costs deducted from member reserve

The trustee currently pays certain investment costs, which relate to the investment of assets of the Mercer Super Trust from the member reserve. These costs are not charged directly to your pension account but have reduced the member reserve balance held by the Mercer Super Trust.

The size of the member reserve is reported each year in the *Mercer Super Trust Annual Report* (Fund Information Statement).

Transaction costs

The following information applies to all investment options except the Mercer Direct investment option.

Transaction costs are the costs associated with trading to manage the investment strategy for each investment option.

Transaction costs include:

- Brokerage
- Settlement costs (including custody costs)
- Clearing costs
- Stamp duty on an investment transaction
- Buy-sell spreads less any costs recouped by the underlying investment vehicles.

We don't currently charge a buy-sell fee for any of our investment options, so no portion of the transaction costs is recoverable in this way. No part of any transaction cost is paid to the trustee or any investment manager as a fee and such costs are not subject to GST.

For each of the investment options, the estimated transaction costs are generally based on transaction costs for the financial year ending 30 June 2024. Where an investment option has not been available for the previous 12 months or actuals are not available, we will use an estimate based on the relevant period. The estimated transaction costs for each investment option are set out in the 'Breakdown of certain fees and costs' table on the following pages.

The actual transaction costs for each investment option are determined at the end of each financial year and will be advised in the *Mercer Super Trust Annual Report (Fund Information Statement)*.

Breakdown of certain fees and costs table

This table only shows a breakdown of the asset-based administration fee, investment fees and costs, and transaction costs as a percentage per annum of your pension account balance for each investment option. Other fees and costs also apply – see the 'Fees and costs summary' table earlier in the 'Fees and other costs' section. A description of these fees and costs is provided on the previous pages. These costs may change from time to time, and you should refer to mercersuper.com.au/pds for any changes after the publication of this document.

| Taxed investment options For TTR allocated pensions in pre-retirement phase | Administration fees and costs ¹³ Asset-based administration fee ¹⁴ % p.a. | Investment fees and costs ¹⁵ % p.a. | Transaction costs ¹⁵ % p.a. | Performance fee average ¹⁶ % p.a. (included in Investment fees and costs) |
|--|--|---|---|--|
| | | | | |
| Ready-made options | | | | |
| Taxed Mercer SmartPath¹⁷ | | | | |
| Born 1959 to 1963 | 0.15 | 0.58 | 0.07 | 0.08 |
| Born 1964 to 1968 | 0.15 | 0.49 | 0.05 | 0.02 |
| Taxed Mercer High Growth ¹⁷ | 0.15 | 0.65 | 0.08 | 0.10 |
| Taxed Mercer Select Growth ¹⁷ | 0.15 | 1.04 | 0.11 | 0.11 |
| Taxed Mercer Moderate Growth ¹⁷ | 0.15 | 0.58 | 0.07 | 0.07 |
| Taxed Mercer Conservative Growth ¹⁷ | 0.15 | 0.52 | 0.06 | 0.06 |
| Select-your-own options | | | | |
| Mercer Sustainable | | | | |
| Taxed Mercer Sustainable High Growth ¹⁷ | 0.15 | 0.64 | 0.06 | 0.02 |
| Taxed Mercer Sustainable Conservative Growth | 0.15 | 0.51 | 0.05 | 0.01 |
| Mercer Sector | | | | |
| Taxed Mercer Australian Shares ¹⁷ | 0.15 | 0.50 | 0.11 | 0.03 |
| Taxed Mercer International Shares ¹⁷ | 0.15 | 0.57 | 0.07 | 0.00 |
| Taxed Mercer International Shares—Hedged ¹⁷ | 0.15 | 0.66 | 0.08 | 0.00 |
| Taxed Mercer Property ¹⁷ | 0.15 | 0.92 | 0.34 | 0.06 |
| Taxed Mercer Global Listed Property | 0.15 | 0.67 | 0.09 | 0.00 |
| Taxed Mercer Fixed Interest ¹⁷ | 0.15 | 0.21 | 0.02 | 0.00 |
| Taxed Mercer Cash ¹⁷ | 0.15 | 0.12 | 0.00 | 0.00 |
| Mercer Passive and Enhanced Passive | | | | |
| Taxed Mercer Passive Australian Shares | 0.15 | 0.23 | 0.00 | 0.00 |
| Taxed Mercer Passive International Shares | 0.15 | 0.21 | 0.01 | 0.00 |
| Taxed Mercer Passive Australian Listed Property | 0.15 | 0.33 | 0.00 | 0.00 |
| Taxed Mercer Enhanced Passive Growth ¹⁷ | 0.15 | 0.29 | 0.03 | 0.00 |
| Mercer Direct¹⁸ | 0.10 | n/a | n/a | n/a |

| Tax-free investment options Applies to allocated pensions and TTR allocated pensions in retirement phase | Administration fees and costs ¹³ Asset-based administration fee ¹⁴ % p.a. | Investment fees and costs ¹⁵ % p.a. | Transaction costs ¹⁵ % p.a. | Performance fee average ¹⁶ % p.a. (included in Investment fees and costs) |
|---|--|---|---|--|
| | | | | |
| Ready-made options | | | | |
| Mercer SmartPath¹⁷ | | | | |
| Born prior to 1949 | 0.15 | 0.59 | 0.06 | 0.08 |
| Born 1949 to 1953 | 0.15 | 0.60 | 0.07 | 0.08 |
| Born 1954 to 1958 | 0.15 | 0.62 | 0.07 | 0.08 |
| Born 1959 to 1963 | 0.15 | 0.58 | 0.06 | 0.08 |
| Born 1964 to 1968 | 0.15 | 0.49 | 0.05 | 0.03 |
| Mercer High Growth | 0.15 | 0.64 | 0.07 | 0.09 |
| Mercer Select Growth ¹⁷ | 0.15 | 1.14 | 0.12 | 0.15 |
| Mercer Growth | 0.15 | 0.59 | 0.06 | 0.04 |
| Mercer Moderate Growth | 0.15 | 0.62 | 0.08 | 0.08 |
| Mercer Conservative Growth | 0.15 | 0.54 | 0.07 | 0.07 |
| Select-your-own options | | | | |
| Mercer Sustainable | | | | |
| Mercer Sustainable High Growth | 0.15 | 0.62 | 0.05 | 0.02 |
| Mercer Sustainable Conservative Growth | 0.15 | 0.51 | 0.05 | 0.01 |
| Mercer Sector | | | | |
| Mercer Australian Shares | 0.15 | 0.49 | 0.07 | 0.01 |
| Mercer International Shares | 0.15 | 0.57 | 0.07 | 0.00 |
| Mercer International Shares—Hedged ¹⁷ | 0.15 | 0.66 | 0.10 | 0.00 |
| Mercer Property | 0.15 | 0.96 | 0.45 | 0.07 |
| Mercer Global Listed Property | 0.15 | 0.70 | 0.09 | 0.00 |
| Mercer Fixed Interest | 0.15 | 0.21 | 0.01 | 0.00 |
| Mercer Cash | 0.15 | 0.12 | 0.00 | 0.00 |
| Mercer Passive and Mercer Enhanced Passive | | | | |
| Mercer Passive Australian Shares | 0.15 | 0.22 | 0.01 | 0.00 |
| Mercer Passive International Shares | 0.15 | 0.22 | 0.01 | 0.00 |
| Mercer Passive Australian Listed Property ¹⁷ | 0.15 | 0.27 | 0.00 | 0.00 |
| Mercer Enhanced Passive High Growth | 0.15 | 0.24 | 0.01 | 0.00 |
| Mercer Enhanced Passive Growth | 0.15 | 0.29 | 0.02 | 0.00 |
| Mercer Enhanced Passive Moderate Growth | 0.15 | 0.30 | 0.03 | 0.00 |
| Mercer Enhanced Passive Conservative Growth | 0.15 | 0.32 | 0.03 | 0.00 |
| Mercer Direct¹⁸ | 0.10 | n/a | n/a | 0.00 |

Past fees and costs may not be a reliable indicator of future fees and costs.

Updated information

The information in this PDS and the other booklets that are part of it are current as at the date of publication. Information in this Booklet may change from time to time and if it is not materially adverse, will be made available online at mercersuper.com.au/pds.

A paper copy of any updated information will be given or an electronic copy made available on request at no charge by calling the Helpline.

We will advise you directly of any material changes as required by law.

Other fees and costs

The following fees may be additional to the fees and costs shown in the 'Fees and costs summary' table and will depend on the nature of the advice or activity chosen by you.

Advice fees

As a Mercer Super Trust member, you have access to our Mercer Helpline Advice team. These financial advisers are licenced and appropriately authorised to provide you with **limited financial advice** on your contributions, insurance, estate-planning and more, in regard to your Mercer Super account. This is an overthephone service provided at no additional cost. Fees for limited financial advice are included in the administration fees and costs described in the 'Fees and costs summary' table.

You also have access to our digital advice and support tools which are available online at no extra cost.

- **e-Advice:** Access personalised advice on investment options and growing your super. This advice tool helps you to understand which Mercer Super investment options may be right for you, or how to give your super the best chance to grow before retiring.
- **Retirement Income Simulator:** Designed to help you visualise what your retirement income could look like, how long it might last and how adding even a little extra to your super could make a difference in the long term.

You may also seek personal financial advice from our Mercer Financial Advisers for your specific circumstances for a fee. Advice may include:

- **Life Stage Advice:** This is a unique offering allowing your adviser to set goals with you and take into consideration your household situation when formulating recommendations for you.
- **Comprehensive advice:** This is a holistic advice offering that can be inclusive of your partner and cover all aspects of your financial situation.

The part of your advice that is related to your pension account in the Mercer Super Trust, may be paid from your pension account balance. If you would like to have fees for advice deducted from your pension account, you will need to provide written consent to us via our *Advice Fee Deduction* form, available at mercersuper.com.au. Any advice fees you pay from your Mercer Super Trust pension account will reduce your pension account balance.

Find out more about financial advice services at mercersuper.com.au/advice or call the Helpline.

Family law fees

If your pension is subject to an agreement or court order that splits your pension between you and your former spouse, a charge of \$541 for each benefit split will apply. This fee is generally split equally between you and your former spouse.

To find out more about splitting your pension under family law, visit the Federal Circuit and Family Court of Australia website at fcfcoa.gov.au/fl.

¹³ In addition to the asset-based administration fee shown in the table above, the administration fees and costs also include for all investment options the following:

- An estimated expense allowance of 0.05% per annum of your pension balance, and
- Costs paid from the member reserve estimated to be 0.002% per annum of Mercer Super Trust assets.

¹⁴ If the balance of your pension account (excluding any balance in the Mercer Direct investment option) is over \$500,000, then the asset-based administration fee for your balance over \$500,000 is 0.00%. The asset-based administration fee for any balance invested in Mercer Direct will be 0.10% per annum, regardless of the amount invested.

¹⁵ Costs are generally based on the financial year ending 30 June 2024. The actual amount will change from year to year and may be more or less than the amounts shown. For details of the calculation basis for these amounts, see 'Additional explanation of fees and costs' in this section of this PDS.

¹⁶ Where applicable, performance fees are based on an average for the five-year period ending 30 June 2024 (or a shorter period if the option has an inception period less than five years) and are included in investment fees and costs. If the actuals are not available for the most recent financial year, we may use a reasonable estimate for that year.

¹⁷ The combined maximum investment fee, expense allowance and administration fee will not exceed 4% per annum for these investment options. All other investment options will not exceed 2.5% per annum.

¹⁸ Other fees and costs may apply if you are invested in the Mercer Direct investment option including: a brokerage fee, a management fee for exchange traded funds and a term deposit break fee. For more details, see 'Additional explanation of fees and costs' in this section of this PDS.

Mercer Direct fees

The fees in this section only apply to members who are invested in the Mercer Direct investment option. They are in addition to those listed in the 'Fees and costs summary' table and only apply to members who are invested in the relevant investment type.

| Type of fee | Amount | Details |
|--|--|---|
| Brokerage fee | 0.11% (inclusive of GST) with a minimum fee of \$22 (including GST). | This fee is applied for each trade (buy or sell) for shares and exchange traded funds and is deducted from your Mercer Direct cash hub at the time the trade is processed. For example, if you invested in Mercer Direct and purchased \$90,000 worth of shares, the brokerage fee deducted from your Mercer Direct cash hub would be \$99 (being 0.11% of \$90,000). |
| Management fee for Exchange Traded Funds (ETFs) | A range depending on the provider. | This fee applies only to members who invest in ETFs within Mercer Direct. Fees incurred by the ETF, including management fees, custody costs and other expenses may be deducted from the returns from underlying securities in the ETF. See the Mercer Direct section of the secure member website for a list of available ETFs. See the ETF provider's website for more information including any fees that may apply. |
| Term deposit break fee | A range depending on the provider. | If you cancel a term deposit before the maturity date, the term deposit provider may withhold some or all of the earnings that would have been due had you held the term deposit to maturity. Refer to the term deposit provider for any applicable fees associated with ending a term deposit prior to its maturity. |

Fee changes

Indexation of fees

Family law fees and the Mercer Direct portfolio administration fees are indexed annually on 1 January to generally reflect Average Weekly Ordinary Time Earnings.

The next indexation is due on 1 January 2026.

The Mercer Direct portfolio administration fee is indexed in increments of \$5 only where the cumulative increase since the previous indexation is \$4 or more.

Fee increases

The trustee has the right to change the amount of fees at any time, without your prior consent. Where there is an increase in fees, we will give you at least 30 days prior written notice. This PDS will also be updated.

For other changes (that are not fee increases) and where the change is not materially adverse, the change will be detailed on the website mercersuper.com.au/pds

GST

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

GST is not payable on units purchased in the Mercer Super Trust. However, 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.

The brokerage fee for the Mercer Direct investment option set out in this PDS is shown including GST.

Tax and your super

The 'Tax and Centrelink' section of this PDS provides a summary of how your pension is taxed and how an allocated pension may impact on government social security benefits.

Refer to the *Mercer Direct Member Guide* at mercersuper.com.au/pds for more information about taxes on amounts invested in the Mercer Direct investment option.

Tax benefit and TTR allocated pensions

If you have a TTR allocated pension being paid under pre-retirement rules, the tax benefit on administration fees and costs paid to our service providers goes directly to the member reserve which is to be used for the benefit of members.

Our fund is entitled to a tax benefit on gross administration fees and costs, and investment fees and costs. Any tax benefit on investment fees and costs is passed on to members in determining the unit price members receive for their taxed investment option(s).

We disclose all fees and costs in our PDS and booklets as the gross amount before any tax benefit is applied, so the actual net amount that you pay may be less than the figures shown.

Further information

The trustee does not retain for its own use any profit made on the netting of transactions (even though the governing documents permit it to do so) and has no intention to do so in the future.

The trustee may retain for its own use any interest earned on contributions tax from the date it deducts an amount for this tax to the date it pays it to the ATO.

Any interest earned on application monies received in the Mercer Super Trust's holding account will not be payable to you, either upon allocation to your account or upon return to the originator of the payment. It will be retained by the trustee for our benefit or paid into the Mercer Super Trust for the benefit of members.

Defined fees

The following definitions must be included for all superannuation funds. Not all fees are relevant to you. These can also be found at mercersuper.com.au/governance under 'Defined fees'.

Activity fees

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

- a) the fee relates to costs incurred by the trustee of the superannuation entity 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 and costs

Administration fees and costs are fees and costs that relate to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:

- a) relate to the administration or operation of the entity; 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 superannuation entity because of the provision of financial product advice to a member by:
 - i) a trustee of the entity; or
 - ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; 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 superannuation entity in relation to the sale and purchase of assets of the entity.

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.

Investment fees and costs

Investment fees and costs are fees and costs that relate to the investment of the assets of a superannuation entity 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 entity 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 a superannuation product other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

Transaction costs

Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy-sell spreads.

Tax and Centrelink



The information in this section is a general description of the tax treatment of superannuation and is based on our understanding of the tax laws that apply to Australian or New Zealand citizens or permanent residents as at the date of this PDS. Different tax rules may apply if you are an Australian or New Zealand citizen or a permanent resident but are currently not a resident of Australia for tax purposes.

The tax treatment of superannuation and pensions is complex and may change at any time. We recommend that you obtain advice from a licensed, or appropriately authorised, financial adviser about how the tax laws affect you.

Tax on amounts transferred to MSRI

Tax on rollover amounts

Generally, you are not taxed on any super that you transfer to begin an allocated pension account.

However, if the transferred amount includes an untaxed element (which arises from an untaxed super fund), that component is taxed at a rate of 15%. Your rollover statement shows whether you have an untaxed amount. If we receive an untaxed amount, tax is deducted immediately and held in the Mercer Super Trust until it is required to be paid to the ATO. The trustee may retain, for its own use, any interest earned on the tax amount between the time it is deducted and the time it is paid to the ATO.

Tax consequences if you exceed your transfer balance cap

Your starting account balance (including your Retirement Bonus, if applicable) will count against your personal transfer balance cap at the date you begin a retirement phase allocated pension or, in the case of a TTR allocated pension, your balance (including your Retirement Bonus, if applicable) at the date that pension converts to retirement phase rules (refer to 'Changes to a TTR allocated pension when you retire or at age 65' in the 'Our pension options' section of this PDS). There may be immediate consequences if you exceed this cap.

If the ATO assesses that you have exceeded your personal transfer balance cap, the ATO may issue us with a compulsory commutation authority requiring us to release a specified excess amount from your allocated pension account balance. The ATO will notify you before they do this.

If we receive a commutation authority for you, we will try to contact you to obtain your instructions on where to pay the excess amount. However, if we do not receive valid and complete instructions from you before we are required to comply with the commutation authority, we will transfer the required commutation amount into your existing accumulation super account in the Mercer Super Trust, or if you do not have an existing account, we will establish a new accumulation super account for you in Mercer SmartSuper and transfer the commutation amount into that account. This amount will be invested in the investment option(s) equivalent to (or most closely matching) the investment option(s) in which your pension is invested. Investment earnings in an accumulation super account are taxed.

In addition to removing the excess amount from your allocated pension, you may be required to pay excess balance tax at a rate of 15% of the notional earnings on the excess amount if it is your first excess balance assessment. A higher tax rate applies for subsequent assessments.

Your tax file number (TFN) is important

The trustee is authorised to collect, use and disclose your TFN. You do not have to provide your TFN to us and it is not an offence if you choose not to provide it. 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 component of any pension payments or lump sum withdrawals paid to you before age 60.

A higher rate of tax may also apply to any untaxed element rolled over from another super fund.

If you provide your TFN, it is automatically applied to all future investments to and payouts from MSRI. For more information on the use of TFNs, call the ATO.

We may disclose your TFN to another super provider if your benefits are being transferred, unless you request us in writing that your TFN is not to be disclosed to any other super provider.

Tax on pension payments and lump sum commutations

The tax payable on your pension payments and any lump sum commutations (withdrawals) generally depends on your age and the components that make up your account.

If you are receiving a death benefit pension arising from the death of a person who had reached age 60, your pension payments and any lump sum commutations will be tax free. In all other cases, tax applies as outlined in the following table.

| Your age | Tax on pension payments | Tax on lump sum commutations |
|------------------------|--|--|
| Aged 60 or over | <ul style="list-style-type: none"> No tax is payable on your pension payments. | <ul style="list-style-type: none"> No tax is payable on any commutations. |
| Under age 60 | <ul style="list-style-type: none"> No tax is payable on the tax-free component of your pension payments. Tax is payable on the taxable component of your pension payments. We deduct an estimate of this tax (plus the Medicare levy) at the time of payment.¹⁹ You may also be entitled to a 15% tax offset if you are receiving your pension due to disability or as the result of the death of another person. If that person was over age 60, then the pension arising from their death will pay tax-free income | <ul style="list-style-type: none"> No tax is payable on the tax-free component of your commutation. Tax at a rate of 20%²⁰ is payable on the full amount of your taxable component. |

Calculating your taxable and tax-free components

Your taxable and tax-free components are determined at the start of your allocated pension, based on the tax components of the super you transferred to start your pension.

For example: You transfer \$200,000 to start an allocated pension and this amount is made up of a taxable component of \$150,000 and a tax-free component of \$50,000. The tax components applied to your pension payments and any lump sum commutations from your allocated pension account are calculated as:

- Taxable component = $\$150,000 \div \$200,000 = 0.75$ (or 75%)
- Tax-free component = $\$50,000 \div \$200,000 = 0.25$ (or 25%).

Your rollover statement will show the tax components of your transferred amount.



Your tax components may be adjusted so that a higher tax-free component applies if you meet the criteria of permanent incapacity (as defined under super laws).

¹⁹ The amount we deduct may be more or less than the actual amount of tax that applies to you. Once you have lodged your tax return, the ATO determines the actual tax payable based on your circumstances. The Medicare surcharge may also apply.

²⁰ This limit (called the low-rate threshold) applies for 2023/24 but is indexed from 1 July each year to Average Weekly Ordinary Time Earnings (AWOTE) in steps of \$5,000. The limit is a lifetime limit applicable to all payments made between preservation age and age 60.

Tax on death benefits


The tax payable on death benefits depends on a range of factors, such as the type of benefit being paid, your age at death and/or your beneficiary's age when they receive the benefit, the tax components of the benefit, and whether the beneficiary is considered a tax dependant.

If a death benefit is paid as a **pension**:

- If you are aged 60 or over when you die, or if your beneficiary is aged 60 or over, the pension payments are tax free. Any lump sum commutations are also tax free.
- If you are under age 60 when you die and your beneficiary is under age 60, tax is payable on the taxable component of the pension, with a 15% tax offset.
- The pension will count against the beneficiary's transfer balance cap, which could result in excess balance tax.

If a death benefit is paid as a **lump sum**:

- If your beneficiary is considered your dependant under tax law, the whole lump sum death benefit is tax free. This includes a lump sum we pay to a tax dependant directly, or where we pay a lump sum to your estate that is then paid to a tax dependant.
- If your beneficiary is not a tax dependant:
 - if we pay a lump sum directly, no tax is payable on any tax-free component of the lump sum but the taxable component of the lump sum is taxed at between 15% and 30% (plus the Medicare levy).
 - if we pay a lump sum to your estate, we do not deduct tax at the time the benefit is paid but the executor or administrator of your estate is responsible for deducting tax. The tax outcomes for beneficiaries who are not tax dependants may be different than if we paid the lump sum directly to them.

 For estate planning, it is important to know that the definition of dependant under super laws (for the purpose of receiving a death benefit) is different to the definition of a dependant under tax laws (for the purpose of taxing a death benefit). A tax dependant is defined as:

- your spouse or former spouse (including your de facto or same sex spouse)
- your child aged under 18, or
- a person you had an interdependency relationship with just before you passed away, or anyone who was dependent on you just before you passed away.

Tax on investment income

The trustee is generally not liable to pay tax on MSRI's investment income and realised capital gains.

However, investment earnings on pre-retirement phase TTR allocated pension accounts are taxed at 15% unless you have satisfied one of the following conditions of release:

- a) You have reached age 65.
- b) You have left an employer at or after age 60.
- c) You have retired permanently from the workforce.
- d) You meet the criteria for permanent incapacity or a terminal medical condition.

For conditions (b), (c) and (d), the tax exemption only applies after you tell us and we are satisfied that you have met one of these conditions. At that time (or on reaching age 65 if earlier), we will automatically switch your account balance from the taxed investment option(s) that applied to your account into the equivalent tax-free investment option(s).

Where tax is applicable, an allowance for any tax will be deducted from the value of the assets in order to determine the appropriate unit prices.

Depending on your selected investment option you may receive a bonus payment to your allocated pension account where any excess imputation and foreign tax credits are used to reduce the Mercer Super Trust's overall tax liability.

Refunds of tax or excess contributions and payments of tax assessments

In some circumstances, if you receive a tax assessment from the ATO, you may be able to request that the amount is paid from your allocated pension account balance. This applies if the tax assessment is due to one of the following:

- Superannuation surcharge debt
- Excess contributions tax debt
- Additional 15% concessional contributions tax if your income (as defined for the purposes of this cap) is \$250,000 or more (known as Division 293 tax).

In certain circumstances excess non-concessional contributions (plus notional earnings less tax) or excess concessional contributions (less tax) can also be refunded.

The ATO will tell you how to get your excess contributions refunded or pay the extra tax when they send you an excess contributions assessment. Any such tax payments or contribution refunds made from your allocated pension account will reduce your account accordingly.

How allocated pensions work with Centrelink entitlements

The amount of your super, including an allocated pension, may affect your entitlement to government benefits, such as the Age Pension. Two tests are applied by the government to determine your eligibility for these benefits:

- **Assets test:** The value of your account balance of your allocated pension counts toward this test.
- **Income test:** Deemed earnings²¹ on your allocated pension account balance count toward the income test. (Note: Pension payments from an allocated pension do not usually count towards this test.)

If your income or assets are above certain limits, your entitlement to benefits will be reduced, or you may not be eligible at all.

Any partial or full commutations from your allocated pension account may also affect your entitlements to government benefits.

You can find out more about Centrelink entitlements and the assets and income tests at servicesaustralia.gov.au.



The rules relating to Centrelink entitlements can be complex and can change with little notice. These rules also depend on your personal circumstances. You can contact Centrelink on 132 300 for assistance. We recommend that you obtain advice from a licensed, or appropriately authorised, financial adviser for advice on Centrelink entitlements or related matters.

²¹ Deemed earnings are calculated using a set of government rules and assume your allocated pension earns a set rate of income, regardless of the actual investment returns that apply to your account. You can find out more at servicesaustralia.gov.au.

Beneficiaries

It is important that you tell us how you want your benefits to be paid if you die. MSRI offers reversionary benefit nominations and binding death benefit nominations.

Depending on the type of nomination you make, a death benefit may be paid as a pension or a lump sum. If you do not make a nomination (or if it is invalid or has expired when you pass away), the trustee must follow the law in deciding how to pay your pension account.



There may be estate planning and tax consequences involved in making a particular nomination and these rules can be complex. We recommend you seek advice from a licensed or appropriately authorised financial adviser before making a nomination. It is also important to regularly review your nomination to ensure it continues to reflect your wishes and circumstances.

Benefit payments if you die

We offer two types of nominations for how your account may be paid in the event of your death:

- **Reversionary beneficiary nomination:** Upon your death, we automatically continue paying your regular pension payments to one eligible reversionary beneficiary until the account balance reaches zero.
- **Binding death benefit nomination:** You can nominate one or more eligible dependants and/or your legal personal representative to receive a pension, or a lump sum if we cannot pay a pension by law. You can choose whether your binding death nomination is non-lapsing or lapsing (which expires after three years). Only one type of nomination can apply to your account. More information about each type of nomination is provided in the following sections.

Regardless of the type of nomination you choose, each beneficiary must be either your dependant or your legal personal representative at the time you make the nomination and must still meet that definition at the time of your death. Refer to 'Eligible beneficiaries' in this section for more information on who you can nominate.

If, at the time of your death, we do not hold a valid reversionary beneficiary or binding death nomination and no default binding death nomination rules are in effect (refer to 'Default nominations' later in this section), we will pay the death benefit according to the following rules:

- a) We pay a pension (or a lump sum in the event that a pension is not permitted) to your eligible spouse if they survive you.
- b) If you do not have a spouse, we pay a lump sum equal to your account balance to your legal personal representative.
- c) If you do not have a legal personal representative, we pay the balance of your account as a lump sum to any other person or people allowed by law (or the benefit may be paid as a pension if the person is an eligible dependant).

Note: If you have made a non-binding (preferred) death benefit nomination, the trustee can only take this into consideration under option (c) above. A death benefit must be paid to a spouse, if there is one. Otherwise if there is no spouse but you have a legal personal representative, it must be paid to the legal personal representative.

Reversionary beneficiary nomination

Making a reversionary beneficiary nomination allows you to nominate one eligible dependant to automatically continue receiving pension payments from your account in the event of your death. The trustee must follow your nomination wishes, providing your nominated beneficiary remains eligible at the date of your death.

An eligible reversionary beneficiary will continue to receive pension payments until the earliest of the following events:

- The account balance reaches zero.
- Death of the reversionary beneficiary.
- The trustee is prohibited by law from paying the pension (e.g. where a child is no longer eligible to receive a pension).

For as long as the pension is payable, we will make at least one payment to your nominated reversionary beneficiary during each financial year, unless super law permits otherwise. Your reversionary beneficiary can select their preferred pension payment amount (subject to the minimum amount required by law) and payment frequency.

You can make or change your reversionary beneficiary nomination at any time.

Additional criteria for a child reversionary nomination

If you nominate a child (as defined under ‘Eligible beneficiaries’ in this section) as a reversionary beneficiary, the law only allows a reversionary pension to commence being paid to that child if, at the time of your death, they meet one of the following criteria:

- Your child is under age 18.
- Your child is aged between 18 and 25 and financially dependent on you.
- Your child is permanently disabled (as defined by law).

If an eligible child begins receiving a reversionary pension, then once they reach age 25, the reversionary pension must be commuted and paid out as a lump sum, unless the child is permanently disabled, in which case the pension can continue to be paid.

If, at the time of your death, the child you nominated as a reversionary beneficiary has already reached age 18 (or age 25 if they were financially dependent on you) and is not permanently disabled, we will pay a lump sum equal to your account balance to that child.

Payment after death of a reversionary beneficiary

If your eligible dependant who is receiving a reversionary pension dies, we will pay a lump sum benefit equal to any remaining allocated pension account balance to that person’s legal personal representative. If they have no legal personal representative, we will pay the lump sum to any person allowed by law.



Making or changing a reversionary beneficiary may affect your Centrelink entitlements. You should contact Centrelink if you have any questions.



To make a reversionary beneficiary nomination when you apply to open your allocated pension, you can complete the relevant section in our *Application Form to join Mercer SmartRetirement Income*. To make or change a reversionary beneficiary nomination after your account is opened, complete our *Making a reversionary death benefit nomination – Mercer SmartRetirement Income* form

Binding death beneficiary nomination

Making a binding death benefit nomination allows you to nominate any one or more of your dependants and/or legal personal representative (in any proportion you nominate) to receive a benefit from your account in the event of your death. A death benefit may be paid as a pension, or if super law does not permit the payment of a pension, the benefit will be paid as a lump sum.

We offer two types of binding benefit death nominations:

- **Lapsing death benefit nomination** – this type of nomination expires three years after the date of nomination.
- **Non-lapsing death benefit nomination** – this type of nomination does not expire; your nominated beneficiaries remain in place indefinitely, unless you change or revoke your nomination.

The trustee must follow your nomination wishes, unless your nomination has become invalid (as described below and where no default nominations apply) or it has expired (in the case of a lapsing nomination only).

A binding death benefit nomination will become invalid if any of the following apply:

- The nomination is not made using our *Making a Binding Death Benefit Nomination* form.
- You have not properly completed the *Making a Binding Death Benefit Nomination* form, e.g. the nominated proportions do not equal 100% or the form has not been completed in accordance with the relevant legal requirements specified on the form.
- At the date of your death, one or more of your nominated beneficiaries has died or does not meet the definition of your dependant or legal personal representative (in which case, refer to ‘Default nominations’ below for more information).
- You remarry after making the nomination.
- You were legally incapable of making the nomination.
- There are legal reasons preventing the trustee from paying a benefit to one or more of your nominated beneficiaries.

A binding death benefit nomination ceases to have effect if any of the following apply:

- You made a lapsing binding death benefit nomination and three years have passed from the day you signed the *Making a Binding Death Benefit Nomination* form or re-confirmed that nomination.
- You have revoked your lapsing or non-lapsing nomination.
- The trustee is prevented from making a payment due to the operation of the Family Law Act 1975.
- You are subject to a court order that prevents you from making a binding death benefit nomination or requires you to revoke an otherwise valid binding death benefit nomination.



To make or change a lapsing or non-lapsing binding death benefit nomination at any time, you can complete our *Making a Binding Death Benefit Nomination* form.

Default nominations

If your binding death benefit nomination is invalid solely because one or more of your nominated beneficiaries do not meet (or no longer meet) the definition of dependant at the date of your death, including if they have died, the trustee will pay that part of your death benefit to those nominated beneficiaries who meet the definition of dependant.



To make or change a lapsing or non-lapsing binding death benefit nomination at any time, you can complete our *Making a Binding Death Benefit Nomination* form

Eligible beneficiaries

A nominated beneficiary must generally be your dependant or your legal personal representative.

Dependants

Your dependants include:

- Your **spouse**, which generally includes:
 - your husband or wife
 - another person (same sex or not) who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple
 - Your **children**, which generally includes:
 - your adopted child, step-child, or ex-nuptial child
 - your spouse's child
 - someone who is your child according to the Family Law Act 1975
 - Any person who the trustee considers is **fully or partially dependent** on you
 - Any person with whom you have an **interdependency relationship**, which is where you have a close personal relationship with another person (whether or not related by family) and:
 - you and that person live together, and
 - you, that person or both of you provide the other with financial support, and
 - you, that person or both of you provide the other with domestic support and personal care,
- An interdependency relationship can also be where you have a close personal relationship with another person but due to a disability you cannot meet the other criteria of interdependency.

Legal personal representative

You can nominate your legal personal representative (i.e. the executor or administrator of your estate) as a binding death beneficiary. If a death benefit is paid to your legal personal representative, it is distributed according to your will or letters of administration. If there is no will or letters of administration, the death benefit is distributed according to the laws of the state in which you resided at the date of your death.

Note: You cannot nominate a legal personal representative as a reversionary beneficiary.

More details on nominating your superannuation beneficiary are available at [mercersuper.com.au](https://www.mercersuper.com.au) or see our *Beneficiaries Fact Sheet* at [mercersuper.com.au/pds](https://www.mercersuper.com.au/pds).

Other important information

Member privacy

We collect, use and disclose personal information about you in order to manage your super and 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 super and pension. You can read our Privacy Policy online at mercersuper.com.au/privacy or you can obtain a copy by calling the Helpline.

The Privacy 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.

Unclaimed super

It is important to keep your contact and other account details up to date with us.

If we are unable to contact you or your details are not kept up to date, in some circumstances we may be required to commute your pension back to an accumulation super account and your account balance could be classified as unclaimed money and transferred to the ATO.

If your account balance is transferred to the ATO, you will no longer be a member of the Mercer Super Trust or have any right to claim a benefit through MSRI with respect to the transferred amount.

We will send you a confirmation letter if your benefit is paid to the ATO.

If your account balance is transferred, you can contact the ATO directly to claim your money. Refer to the ATO's website ato.gov.au for more information.

Anti-money laundering

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) superannuation funds have to identify, monitor and mitigate the risk that the fund may be used for the laundering of money or the financing of terrorism. Because of this, you may be asked to provide satisfactory proof of your identity to the trustee before you withdraw your benefit or begin your pension. You may also need to provide satisfactory proof of identity to meet other legal requirements.

At a minimum, we need to collect your full name, date of birth and residential address. In regards to verifying 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, including any pension payment, without this information in an appropriate form.

Under the AML/CTF Act, we may need to undertake additional identification checks and monitor transactions. We may also need to block or suspend transactions. The trustee will not be liable for any loss suffered by you due to a delay in making a payment which has been caused by the need to comply with AML/CTF Act requirements.

By law the trustee is also required to comply with confidential reporting obligations to the AML/CTF 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 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 benefit 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 for the purposes of splitting superannuation.

We may need to adjust your super benefit 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 1975 in respect of your super benefit.

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

Service providers to the trustee

The trustee has appointed a number of service providers to help it run the Mercer Super Trust. The main service providers to the trustee include the administrator, the implemented consultant and the financial advice service provider.

The administrator, the implemented consultant and the financial advice service provider are paid from the trustee's fee income. See below for further details on each of these service providers.

Corporate resources

The trustee has appointed Mercer (Australia) Pty Ltd (MAPL) to provide various corporate resources and services including compliance and risk management, information technology services, internal audit, and general corporate administration services.

Administrator

The trustee has appointed Mercer Outsourcing (Australia) Pty Ltd (MOAPL) to provide the following administration services to the Mercer Super Trust:

- Administration of member records and unit holdings
- Daily management of the Mercer Super Trust's operations including accounting
- Preparing communications materials, including the Mercer Super Trust's website
- Helpline facilities for members.

Implemented consultant

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

Financial advice services

The trustee has appointed Mercer Financial Advice (Australia) Pty Ltd (MFAAPL) to provide financial advice services to members of the Mercer Super Trust. Such financial advice services include intrafund advice services, which is a limited personal financial advice service, and general advice.

Trustee powers and responsibilities

The trustee is responsible for:

- Exercising its duties and powers in members' best financial interests
- Ensuring members' rights are protected in accordance with the Trust Deed and relevant law
- Payment of correct super and pension payouts at the appropriate time
- The proper management of assets

- The 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.

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.

The operation of the trustee's indemnity may result in a reduction in a super or pension account balance and/or payout.

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.

Governing rules

The governing rules of MSRI include:

- The trust deed that governs the operation of the Mercer Super Trust
- The designated rules covering the general operation of the Allocated Pension Division (known as MSRI).

The governing rules of the Allocated Pension Division, together with relevant laws and regulations, set out the rules and procedures under which the Mercer Super Trust and MSRI operate and also set out the trustee's duties and obligations to you. The governing rules are available at mercersuper.com.au/governance.

Amendments to governing 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. Any amendment must comply with the restrictions in the trust deed, designated rules and any applicable government requirements.

Enquiries and complaints

Enquiries



Phone

Call the Helpline on **1800 671 369** (or if calling from outside Australia on **+61 3 8306 0906**) from 8am to 7pm (AEST/AEDT) Monday to Friday.

We can help you in a number of languages, simply ask for a translator when you call.



Online²²

mercersuper.com.au



Mail

General correspondence and forms

Mercer Super Trust
GPO Box 4303, Melbourne VIC 3001

To write to the trustee

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

Please include your Mercer SmartRetirement Income account number when writing to us.

Complaints



Phone

Call the Helpline on **1800 671 369** (or if calling from outside Australia on **+61 3 8306 0906**) from 8am to 7pm (AEST/AEDT) Monday to Friday.

We can help you in a number of languages, simply ask for a translator when you call.



Email

MSALCustomer.Complaints@mercero.com



Mail

Complaints Officer
Mercer Super Trust
GPO Box 4303, Melbourne VIC 3001

Please include your Mercer SmartRetirement Income account number when emailing or writing to us.

Information regarding the Mercer Super Trust complaints process can be accessed online. Go to mercero.com.au/complaints 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 with 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 with a response within this timeframe, we will provide you with 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

Website 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.

²² Our website is available 24 hours per day, seven days per week. However, the website may not be available when we need to carry out scheduled updates or maintenance. If, for any reason, our online services are not available, you may call the Helpline for assistance with transactions. If our online services are not available, we are not responsible for any loss because you were unable to perform transactions during that time.

If you have any questions contact us at:

Mercer Super Trust

GPO Box 4303

Melbourne VIC 3001

Helpline **1800 671 369**

Or visit mercersuper.com.au