

Investment

# ARC ALLOCATED PENSION

An introduction

## FEATURES + BENEFITS

### About ARC Allocated Pension

ARC Allocated Pension is a super product that has been designed to provide clients with a flexible, regular and tax-effective retirement income stream.

### Why invest in ARC Allocated Pension?

ARC Allocated Pension is an effective way of providing a client with income during retirement because:

- investment earnings and capital gains are tax free, which means that it is a tax-effective investment
- pension payments are tax free for clients aged 60 and over
- for clients aged 55–59, part of each pension payment made may be tax-free and the remaining part may attract a 15% tax offset
- clients can avoid having to pay lump sum tax that could apply when withdrawing super savings as a lump sum from age 55–59
- clients have the flexibility to withdraw all or part of their commutable allocated pension at any time, subject to the Transition To Retirement Service rules.

### Who can invest in ARC Allocated Pension?

To be eligible to invest in the ARC Allocated Pension, clients don't need to be retired. However, the investment must be from a super fund or a superannuation benefit and must be unrestricted non-preserved. The Transition To Retirement Service can also accept preserved and restricted non-preserved monies.

For clients aged preservation age (ie 55) they can commence the Transition To Retirement Service, regardless of work status and preservation components. This allows clients to:

- work part time and supplement their income
- work full time, salary sacrifice wages and supplement their income
- supplement income when starting a business
- supplement income when on Newstart looking for work

The minimum investment amount is \$20,000 (which may be made up of multiple superannuation benefits and contributions).

### What is the Transition To Retirement Service?

The ARC Allocated Pension has introduced a Transition To Retirement Service for clients who have reached their preservation age but who have not ceased employment. This is an exciting new opportunity for advisers and clients.

Pensions established under the Transition To Retirement Service operate in much the same way as an ordinary allocated pension. However, funds may only be withdrawn under limited circumstances.

### Flexibility to receive pension payments when and how it suits you

Clients can choose how and when they want to receive income. Subject to Government regulations, clients can choose the annual amount of their pension and can receive payments:

- twice-monthly
- monthly
- quarterly
- half-yearly
- yearly

If their circumstances change, clients can vary the amount and/or frequency of pension payments. Lump sum withdrawals can also be made at any time from any unrestricted non-preserved components provided the withdrawal does not cause the ARC Allocated Pension account balance to fall below \$2,000.

### What is the Pension Consolidation Service?

The ARC Allocated Pension may only be established with a single one-off amount. This one-off amount may be made up of multiple superannuation benefits and/or other contributions. TOWER offers a Pension Consolidation Service to assist you in consolidating multiple superannuation benefits and contributions before commencing the ARC Allocated Pension. We can even go one step further and assist in rolling over super benefits from other superannuation funds. Note, if clients would like to invest more money later they will be required to set up a separate ARC Allocated Pension.

### Investment choice

TOWER's multi-manager investment options are managed by **Russell Investment Management Ltd (Russell)** (ABN 53 068 338 974, AFSL 247185), a member of the Russell Investment Group of companies which is the world's largest multi-manager.

TOWER's investment strategy for the multi-manager investment options is to invest in the underlying Russell funds or other funds that Russell oversees on behalf of TOWER. In relation to its funds, Russell in turn selects the underlying investment managers for its funds and regularly monitors the investment managers or underlying funds.

There are 26 investment options from which to choose, including:

- 5 multi-manager diversified options
- 4 multi-manager sector options
- 17 single manager sector options

### ARC website ([www.arcmt.com.au](http://www.arcmt.com.au))

The ARC website is a great tool designed specifically for advisers and Members of the Fund and allows:

#### Advisers to:

- see details of each client in the ARC Allocated Pension (eg account balance, pension payment amount and frequency, deductible amount, address, date of birth)
- generate client reports that can be used for client reviews and marketing purposes (eg detailed client listing, client listing by investment option, total funds under management for the product)

#### Clients to:

- access the latest available ARC Allocated Pension account information (eg account balance, pension payment amount and frequency, deductible amount)
- access the latest available asset allocation and investment performance details of each investment option
- update address details online
- learn more about super through the comprehensive member education section
- request an investment switch

### Fees and Charges

Fees and other costs	Amount	
<b>Establishment fee</b>	Nil	
<b>Initial contribution fee</b>	Up to 4% on initial contributions, transfers and rollovers.	
<b>Withdrawal fee</b>	Nil	
<b>Termination fee</b>	\$65.00 on termination of ARC Allocated Pension.	
<b>Administration fee</b>	Value of ARC Allocated Pension	
	Fee amount	
	First \$150,000	1.40% pa
	Next \$250,000	1.05% pa
	Next \$600,000	0.75% pa
	Amounts over \$1,000,000	0.45% pa
	Minimum monthly fee	\$12.00
<b>Investment Management fees &amp; costs</b>	The Investment Management fees and costs differ between each investment option. The amount paid for specific investment options is shown in Part 2 – Investment Menu of the Product Disclosure Document (PDS).	
<b>Investment switch fee</b>	Nil	
<b>Adviser service fee</b>	Up to 1% pa	
<b>Family Law – request for information charge</b>	\$65.00 per request	
<b>Family Law –Splitting request charge</b>	\$65.00 per request	

*This table is a summary of the fees applicable to the ARC Allocated Pension. For a full explanation of fees and other costs of ARC Allocated Pension, please refer to the 'Fees and other costs' section of the ARC Allocated Pension Part 1 – General Information Product Disclosure Statement (PDS).*

### Adviser Remuneration

The table below outlines the maximum adviser remuneration, although we can dial down the remuneration.

Adviser remuneration	Amount										
<b>Upfront Commission</b>	Up to 4% (plus GST) on each contribution, transfer and rollover.  This amount can be negotiated between the client and adviser in increments of 0.5%.										
<b>Ongoing Commission</b>	<table border="1"> <thead> <tr> <th>Value of the ARC Allocated Pension:</th> <th>Maximum Commission Rate (%pa)</th> </tr> </thead> <tbody> <tr> <td>First \$150,000</td> <td>0.55</td> </tr> <tr> <td>Next \$250,000</td> <td>0.44</td> </tr> <tr> <td>Next \$600,000</td> <td>0.33</td> </tr> <tr> <td>Amounts over \$1,000,000</td> <td>0.22</td> </tr> </tbody> </table> <p>This amount can be negotiated between the client and adviser and may be reduced by 25%, 50%, 75% or 100%.</p>	Value of the ARC Allocated Pension:	Maximum Commission Rate (%pa)	First \$150,000	0.55	Next \$250,000	0.44	Next \$600,000	0.33	Amounts over \$1,000,000	0.22
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<b>Adviser Service Fee</b>	Up to 1% (plus GST) of the ARC Allocated Pension.  This amount can be negotiated between the client and adviser in increments of 0.5%.										

### Need More Information?

Further information can be found in the ARC Allocated Pension PDS – Part 1, which can be obtained by contacting the Investment Distribution team or one of our Customer Service Consultants on 1800 101 014 or by visiting [www.toweradviser.com.au](http://www.toweradviser.com.au)

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