The ARA Retirement Fund
A Sub Plan of the Aracon Superannuation Fund

ABN 40 586 548 205
RSE Registration Number R1001020

Additional Information Guide

Prepared 1 February 2019

Issued by Aracon Superannuation Pty Ltd
ABN 13 133 547 396
AFS Licence Number 507184
RSE Licence Number L0003384

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Aracon Superannuation Pty Ltd
Level 12, 500 Collins Street Melbourne Vic 3000

Promoter:
ARA Consultants Limited (ABN 78 102 304 692)
Level 1,17 Cotham Road Kew Vic 3101

Contents

Contact Details

If you have any questions or would like more information about The ARA Retirement Fund (the "**ARARF**")), a Sub Plan of the Aracon Superannuation Fund, please contact the Promoter, ARA Consultants Limited (AFS Licence Number 224150) ("**ARA**") as follows:

Address:	Level 1 17 Cotham Road Kew VIC 3101
Postal:	PO Box 2273 Kew VIC 3101
Telephone:	(03) 9853 1688
Facsimile:	(03) 9853 1622
Email:	info@araconsultants.com.au
Internet:	www.araconsultants.com.au

Important Information

This Additional Information Guide (the "**Guide"**) provides important information about the ARARF Sub Plan of the Aracon Superannuation Fund (ASF) and forms part of its Product Disclosure Statement ("**PDS"**) prepared 1 February 2019. It provides a summary of significant information and contains a number of references to important information, each of which forms part of the PDS. This PDS contains general information only which does not take into account your personal financial situation or needs. Therefore, you should consider obtaining financial advice from a licensed financial adviser that is tailored to suit your personal circumstances. The PDS and this Guide may be updated or changed by the issuer from time to time.

You should read and consider the important information about the ARARF before making a decision to invest. Go to the PDS and other relevant forms or guides that are available by contacting the Promoter, ARA. The material relating to the ARARF may change between the time when you read this statement and the day when you sign the application form.

You may request a copy of the PDS and any matter that is applied, adopted or incorporated within the PDS by telephoning ARA on (03) 9853 1688. They are required to provide this to you, free of charge and within 8 business days of your request, on behalf of the Trustee.

1. How Super Works

Contributing to Super

Generally, contributions can be accepted by the trustee of a superannuation (or "**super**") fund by or on behalf of a person who is either:

- Under 65 years old;
- 65 to 74 years old and at least gainfully employed part-time;
- An eligible spouse who is under 65 years old; or
- An eligible spouse who is 65 to 69 years old and at least gainfully employed part-time.

Gainfully employed part-time is considered as working at least 40 hours in a period of not more than 30 consecutive days in a financial year. Eligible spouse means your spouse or de-facto spouse with whom you are living at the time the contribution is made. Once you are 75 years or over, you cannot contribute to your super, however, you may still receive superannuation guarantee contributions if you are eligible.

Contributions can be made to the ARARF by using the relevant Australian Taxation Office gateway system, your Clearing House provider, by Electronic Funds Transfer (**"EFT"),** or by completing a remittance advice and forwarding with a cheque made payable to The Aracon Superannuation Fund - ARA Retirement Fund Completed forms should be sent to:

The ARA Retirement Fund
PO Box 2273
Kew VIC 3101

The Trustee has the right under the trust deed at any time to decline to accept all or any part of any contribution made by a member or any person on behalf of a member without having to give any reasons for so doing.

Contribution Caps for 2018/2019 Financial Year

The Government places caps on the amounts that can be contributed to super. If you exceed these caps, you may pay additional tax.

Type of contribution	Contribution cap	Tax
Concessional (before-tax)	From 1 July 2018, $25,000 per financial year for individuals of any age. If you contribute more than the cap each year, the excess amount will count towards your non-concessional cap.	15%, or 30% if your adjusted taxable income is $250,000 or more, on amounts within your cap. If you exceed your cap, the excess amount will be taxed at your marginal tax rate.
Non-concessional (after-tax)	$100,000 per financial year. Clients under age 65 at any time in a financial year may effectively bring-forward up to two years' worth of non-concessional cap for that income year, allowing them to contribute a greater amount (i.e. up to $380,000 in 2018/2019) without exceeding their non-concessional cap. This is known as the 'bring-forward rule'.	0% on amounts within your cap to a maximum superannuation balance of $1.6M across all funds. If you exceed your cap, the excess amount will be taxed at the top marginal tax rate of 45% plus Medicare and other levies, as applicable (unless you withdraw the excess amount (including up to 85% of any earnings), in which case the excess amount will be taxed at your personal tax rate).

Concessional contributions include employer, super guarantee and salary sacrifice contributions as well as self-employed contributions that are claimed as a tax deduction. Non-concessional contributions include personal contributions where a tax deduction has not been claimed, including any spouse contributions.

Subject to the member's total superannuation balance (i.e. the balance across all of the member's super funds), a higher non-concessional contributions cap in 2018/2019 may be available for:

- a member who is under the age of 65 at any time in the financial year, using the standard bring-forward rule; or
- a member who triggered the transitional bring-forward rule in 2016/2017 or 2017/2018.

Spouse Contributions Tax Offset

You may be entitled to a personal income tax offset of 18% on contributions of up to $3,000 made on behalf of a spouse earning less than $10,800, subject to a maximum tax offset of $540 per year. The tax offset begins to phase out where your spouse's earnings exceed $10,800, with no entitlement when spouse earnings are at or above $13,800. The following additional rules apply:

- the relevant contributions were not deductible to you;
- the contributions were made to a super fund that was a complying super fund for the income year in which you made the contribution;
- both you and your spouse were Australian residents when the contributions were made; and
- when making the contributions you and your spouse were not living separately and apart on a permanent basis.

Your spouse includes another person of either the same or opposite sex who you were in a relationship with that was registered under a prescribed state or territory law, or if not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

Contribution Splitting

You may be able to split your concessional contributions with your spouse and transfer the contribution to an account in your spouse or partner's name. You may only apply to split contributions if your spouse or partner is either less than their preservation age; or between their preservation age and age 64 years and not retired.

The maximum amount that can be split is the lesser of:

- 85% of your total concessional contributions to the fund in the last financial year before the application is made or in the current financial year if the entire benefit is to be transferred or rolled out of the fund; and
- the Concessional Contributions Cap amount for that financial year.

Your spouse includes another person of either the same or opposite sex who you were in a relationship with that was registered under a prescribed state or territory law, or if not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.

Contribution splitting does not reduce the amount that counts towards your concessional contributions cap as super funds must report to the ATO all the contributions that were received for you, including those that were subsequently transferred to your spouse after a contribution split application.

Super Co-Contribution

The maximum government co-contribution of $500 is potentially available to individuals whose total income in 2018/2019 does not exceed $37,697 pa. The maximum co-contribution reduces by 3.333 cents for every dollar of total income over $37,697, cutting out at $52,698.
The following conditions also apply:

- you make an eligible personal super (after-tax or non-concessional) contribution during the income year into a complying super fund and don't claim a tax deduction for all of it;
- your total income, less any allowable taxation deductions, for the relevant financial year is less than the higher income threshold;
- 10% or more of your total income comes from eligible employment-related activities, carrying on a business or a combination of both;
- you are less than 71 years old at the end of the income year;
- you are not the holder of a temporary visa at any time during the income year, unless you are a New Zealand citizen or holder of a prescribed visa;
- you have a total super balance at previous 30 June less than general transfer cap ($1.6m for 2018/19);
- non-concessional contributions are made within your non-concessional contributions cap; and
- you lodge your income tax return for the relevant income year.

The ATO will assess whether you are entitled to receive a co-contribution using information provided by your super fund(s) and from your personal income tax return. If you are entitled to a co-contribution, the ATO will deposit it into your super account on your behalf subject to that fund having your TFN. The minimum super co-contribution payment is $20 and payment amounts are rounded to the nearest 5 cents.

Transfers and Rollovers from Other Superannuation Funds

The ARARF accepts rollovers from other superannuation funds. Transferring and consolidating your superannuation benefits may provide easier administration and reporting of your benefits, and possibly reduced fees. To request a transfer of existing superannuation benefits into the ARAR, you must complete a Request to Transfer Whole Balance of Super Benefits Between Funds form, which can be obtained by contacting ARA. You may also be required to obtain and complete a form from the fund from which you are transferring. Before you roll out of any fund you should consider any exit or withdrawal fees and the possible loss of any benefits, such as any insured benefits for death and/or disability.

For further information concerning contributions and taxation of contributions, go to www.ato.gov.au/super*. The material relating to contributions and taxation of contributions may change between the time when you read this guide and further information and the day when you acquire the product.*

Payment of Benefits

As super is generally considered a long-term investment and includes various taxation concessions, the Government has placed restrictions on when you can gain access to benefits. All contributions made by you or on your behalf since 1 July 1999, and any investment earnings on those contributions, are required to be retained or "preserved" in the super system until you satisfy a condition of release. Any benefits that you accumulated in super prior to 1 July 1999 are apportioned into preserved and non-preserved components. Certain benefits may be classified as unrestricted non-preserved and are able to be withdrawn at any time.

Conditions of Release

Preserved benefits can only be accessed as cash when you meet a condition of release, which generally includes any one of the following circumstances:

- you reach your preservation age that is less than age 60 years, have ceased employment and the Trustee is reasonably satisfied that you do not intend ever again to become gainfully employed;
- you reach age 60 years, have ceased employment and either of the following applies:
    - you attained age 60 years on or before the ending of employment; or
    - the Trustee is reasonably satisfied that you do not intend ever again to become gainfully employed;
- you reach age 65 years;
- the Trustee is satisfied that you suffer from a permanent disability;
- you die;
- your benefit is less than $200;
- you have a terminal medical condition that is supported by medical reports from two practitioners, one of whom must be a relevant specialist, that certify that you are likely to die within 24 months;
- you qualify for an early release of part of your benefits on the grounds of severe financial hardship or specified compassionate grounds;
- you are a temporary resident permanently departing Australia, subject to certain conditions;
- you comply with any other condition of release specified in government legislation.

Preservation Age

Your preservation age is determined based on your date of birth, as summarised in the following table:

Date of Birth	Preservation Age (Years)
Before 1 July 1960	55
From 1 July 1960 to 30 June 1961	56
From 1 July 1961 to 30 June 1962	57
From 1 July 1962 to 30 June 1963	58
From 1 July 1963 to 30 June 1964	59
On or after 1 July 1964	60

2. Benefits of Investing with The ARA Retirement Fund

Nomination of Beneficiaries

When you join the ARARF Sub Plan of the Aracon Superannuation Fund ("ASF"), you should notify the Trustee of your intentions of what you wish to happen to your super account should you die before your benefit is paid out in full to you. You have the option of either "binding" or "non-binding" nominations to choose from. If you are uncertain of which to choose, you should consult your licensed financial adviser. In either case, your death benefit can generally be paid only to either or both of the following:

- one or more of your dependants; and/or
- your legal personal representative.

A dependant includes your spouse, child, and/or any person with whom you have an interdependency relationship. Your spouse includes another person of either the same or opposite sex who you were in a relationship with that was registered under a prescribed state or territory law, or if not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple. The definition of child includes an adopted child, a stepchild, or an ex-nuptial child, a child of your spouse, or someone who is classified as a child under the Family Law Act.

An interdependent relationship between two people applies if:

- they have a close personal relationship;
- they live together;
- one or both of them provides the other with financial support; and
- one of both of them provides the other with domestic support and personal care.

Two people with a close personal relationship who do not live together because one or both suffers from a physical, intellectual or psychiatric disability can still be considered to have an interdependent relationship.

A legal personal representative means the executor of the will or administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by a person.

If you do not make a nomination or your nomination is invalid, the Trustee will, in its absolute discretion, pay your death benefit to one or more of your dependant(s) and/or legal personal representative.

Non-Binding Death Benefit Nomination

If you make a non-binding death benefit nomination, the Trustee will take your nomination into account when deciding who to pay your death benefit to. However, your nomination is only a guide and the Trustee has discretion in deciding who should receive your death benefit and in what proportions.

Binding Death Benefit Nomination

If you make a binding death nomination the Trustee will pay your benefit according to your nomination as long as the nomination is valid at the time of your death. To ensure you make a valid binding nomination:

- you must nominate either dependant(s) or your legal personal representative; and
- the proportion of the benefit that will be paid to each person you nominate must be certain or readily ascertainable from your nomination and add to 100%.

Your nomination must be in writing and be signed and dated, in the presence of two witnesses, being persons who are at least 18 years of age and neither of whom is nominated as a beneficiary in the nomination notice. The nomination must contain a declaration signed and dated by the witnesses stating that the nomination was signed by you in their presence.

Binding nominations have a fixed term of three years and override any nomination you have made previously. You must confirm or amend your notice at least every three years in order for it to be valid. You may revoke your binding nomination at any time by completing a new notice. The Trustee is required to follow a valid binding death nomination even if your circumstances changed between the date of the binding nomination and the time of your death.

You can obtain a copy of the Nomination of Beneficiary form by contacting ARA.

Non-Lapsing Binding Death Benefit Nomination

If you make a non-lapsing binding death nomination, (referred to as a Death Benefit instruction) the Trustee will pay your benefit according to your nomination as long as the Death Benefit instruction is valid at the time of your death. To ensure you make a valid Death benefit instruction;

- you must nominate either dependant(s) or your legal personal representative; and
- the proportion of the benefit that will be paid to each person you nominate must be certain or readily ascertainable from your nomination and add to 100%.

Your Death benefit instruction must be in writing and be signed and dated, in the presence of two witnesses, being persons who are at least 18 years of age and neither of whom is nominated as a beneficiary in the instruction. The instruction must contain a declaration signed and dated by the witnesses stating that the instruction was signed by you in their presence.

A Death Benefit Instruction becomes invalid if:

(a) the Member's Spouse named in a Death Benefit Instruction ceases to be the Member's Spouse or in the opinion of the Trustee becomes permanently separated from the Member;

(b) any person nominated as a Dependant:

(1) dies;

(2) ceases to be a Dependant of the Member; or

(3) ceases to be in a class of persons the Trustee has prescribed as eligible to be nominated in a Death Benefit Instruction.

The Trustee is required to follow the Death Benefit Instruction unless it becomes invalid as set out above even if your circumstances may have changed between the date of the death benefit Instruction and the time of your death.

You can obtain a copy of the Death Benefit instruction form by contacting ARA.

Account Based Pensions

The ARARF Sub Plan allows eligible members to receive their benefits as an account based pension. This is a flexible income stream that can be payable to you while you have a balance in your super account.

You may commence your account based pension with any amount of “unrestricted non-preserved” superannuation benefits. Generally, this means after reaching your preservation age and being permanently retired. Alternatively, you may commence a Transition to Retirement account based pension once you have reached your preservation age while you are still actively employed or working. However, you will have restrictions on the amount you can withdraw in any one year as detailed below. Refer to the items “Conditions of Release” and “Preservation Age” in this Guide for further details.

Account based pensions may be suitable for members who are retired, semi-retired or who are considering retiring and are seeking a flexible superannuation pension. The minimum annual amount of your account based pension is calculated by multiplying the balance of your account at commencement (or the start of each financial year once the pension has commenced) by a percentage factor based on your age at the time of the calculation.

There is no maximum annual pension amount if you have commenced your pension once you have satisfied the preservation requirements. However, if your pension is a transitional account based pension, you will have the following restrictions:

- you are not able to make a commutation to a lump sum until you are able to satisfy a relevant condition of release; and
- the maximum amount withdrawn in any year must be less than 10% of the account balance at the start of that year, or at commencement date if in the first year, including any payments made under a payment splitting arrangement.

The current pension factors are summarised in the following table.

Age (in years)	**Minimum factor**
Under 65	4%
65 to 74	5%
75 to 79	6%
80 to 84	7%
85 to 89	9%
90 to 94	11%
95 and above	14%

If you commence your pension after 1 July of any year, your minimum annual pension will be proportioned based on the number of days remaining in that financial year. The final pension amount is then rounded to the nearest ten dollars. Some additional conditions apply to account based pensions, including that:

- you are not able to transfer your account based pension, except upon death where you have nominated a reversionary beneficiary at commencement of the pension;
- upon death, the Trustee will pay your benefit in accordance with the rules governing binding or non-binding nominations, unless you have nominated a reversionary beneficiary;
- the value of the pension account is not able to be used as security for a borrowing;
- each year, the Trustee will calculate your new annual pension amount and confirm this to you in writing; and
- your pension will cease when your account balance reaches zero.

Pensions will generally be paid via electronic funds transfer to your nominated bank account on or around the 15th of each month, or as otherwise agreed in writing with the Trustee. You may change your payment details by notifying ARA in writing at least 14 days prior to the next scheduled payment.

Reversionary Beneficiaries

You may nominate a dependant to be your Reversionary Beneficiary at the commencement of your Pension. This means that your pension will continue to be paid to that dependent upon your death.

Market Linked Income Stream or Term Allocated Pension

Although you are not able to commence a new Market Linked Income Stream ("**MLIS**"), also referred to as a Term Allocated Pension ("**TAP**"), after 20 September 2007, the ARARF is able to accept a transfer or rollover from an existing TAP that was commenced prior to that date in another super fund.

These pensions are non-commutable and are generally payable for a fixed term based on your life expectancy or the life expectancy of your spouse. Pension payments must be made at least annually in accordance with the Superannuation Industry (Supervision) Regulations. The annual payment amount is calculated upon transfer of your TAP and then subsequently reviewed at each 1 July based on the value of your account and the remaining term of the pension, as follows:

- your account balance, divided by the relevant payment factor based on the remaining term of the pension;
- the amount can then be adjusted up or down by 10%; and
- where the transfer occurs during a financial year, the annual payment is pro-rated for the remaining number of days in that financial year.

Please consult your ARA adviser for further details concerning a TAP that you may consider transferring into the ARARF.

Unclaimed Monies

In certain circumstances prescribed under the Superannuation (Unclaimed Money and Lost Members) Act 1999, superannuation benefits must be treated as unclaimed money and paid by the Trustee to the ATO. These circumstances include:

- if we lose contact with you after you reach your pensionable age (65); or
- if you are a former temporary resident whose visa has expired, have departed Australia without claiming your superannuation benefits within 6 months and the ATO issues a notice to the Trustee requesting payment.

Unclaimed monies can be claimed directly from the ATO. In the case of former temporary residents this can occur at any time after departing Australia, subject to the payment of the applicable tax. If superannuation benefits are transferred to the ATO as unclaimed monies, they will not retain any associated insurance cover.

The ATO has an unclaimed monies register that can be checked for you. For more information, you can contact the ATO on 13 10 20 or go to www.ato.gov.au.

If you are a former temporary resident whose superannuation benefits is transferred to the ATO as unclaimed money, you will not be notified of this or receive an exit statement after the transfers occurs. The Trustee will rely on relief provided by the Australian Securities & Investments Commission ("**ASIC**") Class Order [CO 09/437] which says, in effect, that the trustee of a superannuation fund is not obliged to meet certain disclosure requirements in relation to non-residents that have ceased to hold an interest in the fund as a result of the payment of unclaimed superannuation to the Commissioner of Taxation. If you require any further information, contact ARA.

Please note: The Trustee is also required to transfer other amounts to the ATO including the following member accounts:

- Lost accounts with balances of less than $6,000 (or such other amount that is determined by the Government); and
- Lost accounts which have been inactive for a period of 12 months where the Trustee is satisfied, based on the information reasonably available to it, that it will never be able to pay the amount to the member.

These amounts may also be claimed from the ATO at any time. The unclaimed money rules are subject to change. For up-to-date information about unclaimed money go to www.ato.gov.au.

Transfers to an Eligible Rollover Fund

If not required to pay unclaimed monies to the ATO as described above, the Trustee may transfer your benefit to an Eligible Rollover Fund ("**ERF**"). The Trustee's ERF is currently:

Super Safeguard Fund (ABN 13 917 747 013, RSE Registration Number R1001389)
GPO Box 3426
Melbourne VIC 3001

Telephone:	1300 135 181
Facsimile:	1300 135 191
Email:	enquiries@supersafeguard.com.au
Internet:	www.supersafeguard.com.au

Being transferred to an ERF may affect your benefit because you will cease to be a member of the ARARF, and you will become a member of the ERF and be subject to its governing rules.

If your benefit is transferred to the ERF, and we can provide them with your current contact details, the ERF is required to provide you with its current Product Disclosure Statement. Please note, in an ERF the amount of administration costs charged against your benefits must not be greater than the investment return credited to, or debited against, those benefits in a financial year.

Temporary Residents

If you entered Australia on any temporary visa, which has expired or cancelled, you are eligible to access your benefit from your super fund under the Departing Australia Super Payment ("**DASP**") condition of release within six months of leaving Australia.

Generally, any benefits not claimed within six months of departure will be transferred to the Australian Taxation Office as unclaimed monies.

The easiest way to claim your super is to apply online at the Australian Taxation Office and using the DASP online application system at www.ato.gov.au/departaustralia.

First Home Super Saver Scheme

From 1 July 2017, individuals can make voluntary contributions into superannuation of up to $15,000 per year with a cap of $30,000 for the purpose of saving for the purchase of a first home.

If concessional, the contributions will be taxed at 15%. The contributions together with deemed earnings can be withdrawn for use as a deposit after 1 July 2018.

Contributions under this scheme are subject to the concessional and non-concessional contribution caps.

The withdrawal of concessional contributions and associated deemed earnings will be taxed at marginal tax rates less a 30% tax offset. Non-concessional withdrawals will not be taxed.

Home Downsizing

From 1 July 2018 people aged 65 and older will be able to make a non-concessional contribution of up to $300,000 to superannuation after selling their principal place of residence providing it has been owned for more than 10 years. This is in addition to any other contributions they are eligible to make and regardless of their superannuation balance.

Both members of a couple will be eligible so that a couple will be able to contribute up to $600,000.

Privacy

In this section, 'we' means Aracon, the Trustee or we and SuperBPO ABN 83 082 989 ('the Member Administrator').

Why do we collect your personal information?

We collect your personal information for the following reasons, to:

- Administer products and services and manage our relationship with you, including to establish and maintain member records, and provide regular statements, reports and communications;
- Provide products and services to you;
- Process transactions, applications, claims, requests and queries in relation to our products and services;
- Identify you in accordance with the Anti-Money Laundering & Counter Terrorism Financing Act and to protect against fraud;
- Let you know about other products or services that we may offer; and
- Comply with applicable laws and regulations.

If we do not collect your personal information, we may not be able to process your applications, provide you with services relating to ARA or administer your interest in the ARA Retirement Fund.

Who do we disclose your personal information to?

We may disclose your personal information to third parties including:

- Outsourced service providers including an administrator or the Promoter of the ARARF;
- Mail houses and printing companies;
- Specialist service providers, such as custodians, auditors and lawyers;
- Insurance providers;
- Your financial adviser, your attorney appointed under a power of attorney, or your appointed representative; and
- Government authorities as required or desirable in administering and conducting the business of the ARARF, including in complying with relevant regulatory or legal requirements. It is possible that this may also include a Government authority that is overseas.

Personal information will only be disclosed to third parties other than those listed above if you have consented, if you would reasonably expect us to disclose information of that kind to those third parties, if we are authorised or required to do so by law or it is necessary to assist with law enforcement.

Are we likely to disclose your personal information to a recipient who is overseas?

Aracon does not use the services of overseas providers and therefore will not disclose your personal information overseas.

Privacy Policies

The Privacy Policies of the Trustee, ARA and the Member Administrator set out how you can access and correct information we hold about you, how you can complain about a breach of your privacy rights and how your complaint will be handled.

The Trustee's privacy policy can be found at www.araconsultants.com.au/publications, ARA's at www.araconsultants.com.au, The Member Administrator's Privacy Policy can be found at www.mainstreamgroup.com/Our-Services/Mainstream-Superannuation-Services

If you have any queries or complaints about your privacy, please contact:

- Privacy Officer, Aracon Superannuation Pty Ltd, Level 12, 500 Collins Street Melbourne VIC 3000.
  Email: bstieg@linear.com.au

- Privacy Officer, SuperBPO, Level 9, 155 Queen Street Melbourne VIC 3000
  Email melbourne@mainstreamgroup.com

Freedom of Information

The Freedom of Information Act ("**FOI**") gives you the right to request information held by the Trustee, including documents in relation to your personal affairs and the operation of the ARARF.

It may enable incorrect or misleading information held by the Trustee concerning an individual to be amended or removed. All requests for information under FOI must be made in writing to the Trustee.

Policy Committees

Where an employer sponsor has 50 or more employees who are active members of the ARARF, the Trustee is required to take reasonable steps to establish a policy committee. Employees of employer groups that have at least five, but less than 50 active members of the fund may request the Trustee establish a policy committee provided at least five of those members have made a written request to the Trustee. The Trustee is not required to establish a policy committee for employer groups with less than five active members.

The purpose of a policy committee is to provide an avenue for members to inquire about the investment strategies, performance, fund operations or other matters of concern about the fund. The Trustee may also utilise policy committees as a method of obtaining member information needs and to assist in the response to any inquiries and complaints.

Policy committees comprise of equal representation from the employer sponsor and the employees who are active members of the ARARF. The sponsoring employer generally appoints employer representatives, while member representatives are generally nominated and then elected by other fund members within that employer group.

You will be provided specific information, where applicable, with your annual member statement of any policy committee established for your employer group.

Keeping You Informed

Once you are a member, you will receive:

- upon joining, a confirmation advice detailing your investment and any Death or Death and Total and Permanent Disablement insurance for which you are covered under the ARARF;
- an annual member statement with information about your investment portfolio, your current account balance, and any insured benefits for which you are covered. This will also show any fees and other costs affecting your account balance during the year;
- regular transaction statements as required;
- at regular intervals (generally quarterly), information on the management and financial condition of the fund and on the performance of the Investment Options; and
- for members receiving pension payments or lump sum payments, a payment summary detailing the payments and the tax that has been deducted from those payments (where necessary).

You can access the ARARFAnnual Report and other information at www.araconsultants.com.au/publications/, or you may request a printed copy of the information be sent to you free of charge, by contacting ARA.

3. Risks of Super

Some of the significant risks of the ASF and the ARARF Sub Plan are summarised in the PDS. The following section provides further detail concerning other risks of your investment in the ARARF. The actual investment risks may vary significantly from that set out below and will depend on the actual investment portfolios you select. You need to consider and manage these risks. This summary is a guide only and is not an exhaustive list of all the risks.

Market Risk

Market risk is the risk that events may occur which have a negative effect on the price of investments within a particular market, for example, the stock market for shares or the bond market for fixed interest securities. These events may include changes in economic, social, technical, political, legal, or accounting conditions, as well as market sentiment. These factors can affect both Australian and international markets and in particular less developed financial markets.

Movements in investment markets will result in the value of the ARARF's underlying assets, and the value of your investment, moving up or down.

Investment Specific Risk

This is the risk that a single investment or concentrated investments made by the Trustee, for example an investment in a particular company's shares or a specific portfolio, could have a significant adverse effect upon the overall performance of the ASF or the ARARF Sub Plan.

Concentration Risk

The fewer the number of holdings in a portfolio the higher the concentration risk. With a more concentrated portfolio there is a greater risk that poor performance by one or a group of investments can significantly affect the performance of the whole portfolio.

Counterparty Risk

Certain investments rely on counterparties such as brokers, lenders, issuers and clearing exchanges and these parties may be unable to meet their obligations.

Country Risk

As the Trustee has the capacity to be exposed to businesses that have some proportion of their operations outside Australia, some investments will be subject to country risk. In assessing country risk, it is appropriate that investors should be aware of the potential impact on investment prices of political and sovereign risk, expropriation, and regulatory differences in enforcement of contracts especially in those countries where there is a less robust regulatory and investor protection network. Socio-economic issues, including cultural differences and attitudes to foreign ownership, may also impact on the investment price.

Currency Risk

Investment in international markets usually involves currency risk. Currency risk is the potential for adverse movements in exchange rates to reduce the Australian dollar value of international investments. For example, if the Australian dollar falls, the value of international investments expressed in Australian dollars can increase; if the Australian dollar rises, the value of international investments can decrease.

In order to protect the Trustee from the risks of the effects of currency fluctuation, where it is considered appropriate, investments in businesses with operations outside Australia may be fully or partially hedged.

Interest Rate Risk

Changes in interest rates can have a positive or negative impact directly or indirectly on investment value and returns. Interest rates can change due to a variety of reasons, including government policy and the outlook for inflation.

For example, the cost of a company's borrowing can increase or decrease or the interest return on a fixed interest security can make it more or less favourable.

Liquidity Risk

Liquidity risk is the extent to which investments can be converted into cash or other liquid securities without suffering a substantial reduction in value. This risk may arise in circumstances where in order to liquidate an investment quickly, it may be necessary to sell that investment at a substantial discount and so have a negative impact on the overall performance of the ARARF.

Manager Risk

This is the risk that a fund manager engaged to manage a portfolio of investments may suffer an unexpected loss of key personnel, the consequences of which could have a negative impact on the performance of those investments within the ARARF. Also, there is a risk that a manager's investment philosophy or process may not produce the results sought. The Trustee attempts to reduce this risk by employing a variety of different fund managers to ensure that the manager risk is diversified.

Credit Risk

This is the risk that institutions in which the Trustee has invested may become insolvent and so unable to meet their interest payments and not be in a position to repay the monies invested. The Trustee attempts to reduce this risk by only investing in those institutions which, after investigation, it is ascertained have good credit ratings, competent management, and a satisfactory performance history.

Operational Risk

Risks specific to the ARARF, as with any other super fund, include the possibility of changes to the ASF or the ARARF Sub Plan or its internal operations. This may include changes to key staff involved in the management, or the failure of its systems or procedures. The Trustee seeks to minimise this risk by taking into account the best interests of Members at all times when making decisions and by having a compliance and risk management framework in place in accordance with legislative requirements.

Legislative Changes

Changes made to super, taxation, and Social Security legislation may affect the value of your investment, your ability to access your benefits, the conditions relating to the tax treatment and the payment of pensions and your eligibility for Social Security benefits. Similarly, changes to financial services-related laws can impact on the cost of providing financial services and ultimately the costs and returns of your investments.

Other Risks

The list is by no means exhaustive. Other possible influences include natural disasters, new technology, war, and acts of terror. Clearly, these are beyond the control of the Trustee the fund managers or other service providers employed.

While the Trustee intends to apply sound investment principles to the operation of the ARARF Sub Plan and to invest in a manner which recognises and attempts to control the risks, investors should carefully consider the risk factors in making their investment choices with their licenced financial advisers.

No Guarantee

The Trustee, ARA and any of their service providers, and any of their related entities, do not guarantee the return of capital or the performance of the ARARF. You should be aware that if you leave the ARARF or withdraw monies from any one or more of the investment strategies within a few years of joining, you may get back less than the amount that you have invested because of the level of returns earned by each investment strategy option in which you have invested (including negative returns) and the ARARFs fees and other costs.

4. How We Invest Your Money

The actual asset allocation and performance returns for the investment strategy options may vary between the Accumulation and Pension divisions due to various reasons, such as different tax concessions, including that the Pension division is tax exempt on income, whereas the Accumulation division is currently subject to a maximum rate of 15% on income, as well as the actual cash flows attributed to each division's portfolios.

Cash and Tier 1 Fixed Interest may include cash and term deposits issued by the four major Australian banks and fixed term annuities supported by the statutory reserves of Australian Life Insurance offices.

Listed Securities may include interest-bearing securities, hybrids, preference and ordinary shares traded on Australian and International Stock Exchanges. Securities may be purchased directly for the ARARF or managed on the Trustee's behalf by external fund managers. The ARA Investment Fund, a managed fund into which the ARARF invests, in turn invests in numerous underlying managed funds containing securities and other assets.

Unlisted Investments may include investments such as property, private equity, infrastructure, agribusiness, hedge funds and interest bearing securities, usually managed on the Trustee's behalf by external fund managers.

Reserves

The Trustee does not generally maintain any investment reserves, except for an Operational Risk Financial Requirement ("**ORFR**") as required by APRA Prudential Standards.

From 1 July 2013, the Trustee commenced funding an operational risk reserve (ORR) for the ARARF and met the initial target amount on 30 June 2016. The ORR continues to be required as regulated by APRA Prudential Standards. Where additional funding is required to maintain compliance with the Trustee's ORFR policy, the necessary amounts will be accrued against the earnings of the ARARF and disclosed in the Indirect Cost Ratio.

Otherwise, the investment returns of each investment strategy option generally flow through directly to members via an increase or decrease in each investment option's unit price. A small "not yet allocated to members" reserve may exist from time to time due to rounding, or whilst awaiting relevant information to allocate member transactions.

Derivatives Policy

The Trustee may use derivatives as hedging instruments for any currency positions. Such positions are not to be used for speculative reasons. For any security or asset, the Trustee will ensure there is a suitably qualified and licensed person or organisation to manage any derivative contract to hedge a position.

Unit Pricing

Your investment in the ARARF is determined based on units. Units are re-valued on a weekly basis, normally at the close of business on a valuation day based on the net asset value of each of the Investment Options. Members should generally allow four business days after the valuation day for the Trustee to collect and collate the necessary information concerning the assets and to calculate the new unit price for each Investment Option. Please note that the process generally takes longer at the end of each financial quarter and year.

The unit price applied to your transactions, whether they are contributions, transfers, withdrawals, or switches, will be the unit price as of the close of business on the valuation day following the receipt of the transaction request.

What is Your Investment Risk Profile?

The key to managing risk is to be comfortable with the highs and lows your investments may experience over a defined period of time.

Generally, you trade off higher returns for investment security. The higher the potential return, the greater the risk of loss over the short term. Historically, growth assets such as shares, and property have generated higher returns than investments in cash or bonds over the longer term. However, these assets are also more volatile, and as a result, carry more risk.

Risk means different things to different people. Even the simplest investment has inherent risk. Finding the balance between the amount of risk you are prepared to take with the return you want (your 'risk profile') is the challenge all investors face.

Each of the investment options available in the Fund carry different investment risks depending on the nature of the underlying investments (including asset classes invested in and underlying fund managers or investments used).

A Risk profile' or Risk level' (including the Risk Band, Risk label and the likelihood of a negative return over a specified period) is shown for the Fund in Section 5 of the PDS based on the Standard Risk Measure. The higher the Risk Band number, the higher the risk. The Risk label summarises the level of risk (e.g. Low, medium or high).

The Standard Risk Measure 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.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require meeting their objectives. Further, it does not consider the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

The Standard Risk Measure is grouped into the following bands:

Risk	Risk Label	Estimated number of negative annual returns over any 20-year period
1	Very Low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very High	6 or greater

5. Fees and Costs

Activity Fees are fees incurred by the Trustee that are directly related to an activity of the Trustee that is engaged in at the request or with the consent of a member, or that relates to a member and is required by law, and those costs are not otherwise charged as an administration fee, investment fee, buy-sell spread, switching fee, exit fee, advice fee or insurance fee.

Administration Fees are fees that relate to the administration or operation of the superannuation entity and include costs incurred by the Trustee that are not borrowing costs (the ASF does not borrow so does not incur borrowing costs), or indirect costs that we have elected in writing will be treated as indirect costs and not fees, incurred by the Trustee or in an interposed vehicle, or otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Advice Fees are fees that relate directly to the costs incurred by the Trustee of the superannuation entity because of the provision of financial product advice to a member by the Trustee or another person acting as an employee of or under an arrangement with the Trustee, and where these costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee or an insurance fee. (Note that the ARARF does not charge these fees.)

Buy-sell Spreads are fees to recover transaction costs incurred by the Trustee in relation to the sale and purchase of assets of the entity. (Note that the ARARF does not charge these fees.)

Exit Fees are fees to recover the costs of disposing of all or part of members' interests in the superannuation entity. (Note that the ARARF does not charge these fees.)

Indirect Cost Ratio (ICR) for an investment option is the ratio of the total of the indirect costs for the investment option to the total average net assets of that investment option.

Insurance Fees are fees that relate directly to the insurance premiums paid by the Trustee in relation to a member and/or the costs incurred by the Trustee in relation to the provision of insurance for a member where these do not relate to any costs incurred that are based on the performance of an investment. The premiums or costs are not otherwise charged as an administration fee, investment fee, switching fee, exit fee, activity fee or advice fee.

Investment Fees are fees that relate to the investment of the assets of a superannuation entity and include fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees), and costs that relate to the investment of assets of the superannuation entity and are not otherwise borrowing costs (The ASF does not incur borrowing costs) or indirect costs charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee. Note that these fees include the costs that third parties such as external fund managers charge for managing your investments.

Switching Fees are fees to recover the costs of switching all or part of a members' interest in the superannuation entity from one investment option or product in the entity to another. (Note that the ARARF does not charge these fees.

Fee Rebates

You may qualify for a partial fee rebate of investment fees and administration fees based on the balance of your account(s) held in the ARARF or if you are part of a family group, based on the sum of all of the account balances of all members in that family group. From 1 July 2013, the sum of account balances includes account balances held by members and their family groups in The ARA Investment Fund ("ARAIF"), in addition to those held in The ARA Retirement Fund.

Investment Fee rebates for family groups are allocated in proportion to those members that make up that family group.

Investment Fee rebates are calculated and paid to member accounts based on the value of each family member's account balance on the final day of August, November, February and May in each year where those days fall on a Friday. If in a particular year the final day does not fall on a Friday, then the rebate will be calculated and credited to member accounts using the unit prices determined on the Friday immediately following the final day.
Administration Fee rebates were introduced effective from 1 July 2014 and are calculated and paid to member accounts based on the value of each family member's account balance at 30 June each year. The first rebate was paid on 30 June 2015.

Family groups are determined by the Trustee and will generally comprise any of the following situations:

- a married couple;
- a married couple and their financially dependent children;
- a couple living together in a de facto relationship, whether of the same or opposite gender;
- a couple living together in a de facto relationship, whether of the same or opposite gender and their financially dependent children; or
- a sole parent and their financially dependent children.

The thresholds used to calculate fee rebates may be adjusted on 1 July of each year in accordance with changes to the Consumer Price Index ("**CPI**"), however, to date the Trustee has not indexed these thresholds.
Fee rebates are treated as assessable income and will therefore be subject to 15% tax for all Accumulation division members. Pension members in the post-retirement phase are currently tax-exempt in respect of any fee rebates they receive.

Investment Fee Rebate Amounts

Account Balance or Family Group Total	Investment Fee Rebate Amount
$500,000 or less	Nil
On amount over $500,000 but less than $1,000,000	0.5125% per annum
On any amount over $1,000,000	0.9225% per annum

Administration Fee Rebate

Account Balance or Family Group Total	Administration Fee Rebate Amount
$950,000 or less	Nil
On any amount over $950,000	0.1045% per annum

Examples of Calculation of Account Balance Rebates

Example 1 – Individual Member Rebates

If a member's account balance was $600,000 for the full year, then the estimated Investment Fee rebate the Member would have received for that year will be calculated as follows:

Investment Fee Rebate	
Account balance of family group	$600,000
Less: Relevant threshold	$500,000
Equals the amount qualifying for a rebate	$100,000
Multiplied by rebate percentage	0.5125%
Equals annual rebate amount	$512.50
For each quarter, this would be	$128.13

There would be no Administration Fee rebate in this example as the Account balance is less than the threshold of $950,000.

Example 2 – Family Group Rebates

If three Members in the ARARF comprise a husband, his wife, and a dependent child, then those individuals will qualify as a family group for the purpose of determining their eligibility for account balance rebates. If for example each Member has only one account and the balance in each of those accounts for a full year was as follows:

Husband	$500,000
Wife	$450,000
Child	$50,000

Individually, none of those accounts would qualify for a rebate. However, because they are a family group and the sum of those balances is $1,000,000 (that is, in excess of $500,000 for the Investment Fee rebate and $950,000 for the Administration Fee rebate), in total they would qualify for fee rebates calculated as follows:

Investment Fee Rebate		Administration Fee Rebate	
Account balance of family group	$1,000,000	Account balance of family group	$1,000,000
Less: Relevant threshold	$500,000	Less: Relevant threshold	$950,000
Equals the amount qualifying for a rebate	$500,000	Equals the amount qualifying for a rebate	$50,000
Multiplied by rebate percentage	0.5125%	Multiplied by rebate percentage	0.1045%
Equals annual rebate amount	$2,562.50	Equals annual rebate amount	$52.25
For each quarter, this would be	$640.63		

The annual rebates would be allocated proportionally to each family member as follows:

Family Member	Investment Fee Rebate	Administration Fee Rebate	Total Fee Rebate
Husband	$1,281.25	$26.13	$1,307.38
Wife	$1,153.13	$23.51	$1,176.64
Child	$128.12	$2.61	$130.73
Total	$2,562.50	$52.25	$2,614.75

6. How Super is Taxed

	Lump Sum Benefits		Pension Benefits	
	Assessable Portion	Tax Rate	Assessable Portion	Tax Rate
Age 60 and Over	Nil	n/a	Nil	n/a
Under Age 60:				
Tax free component	Nil	n/a	Nil	n/a
Taxable component: • Under Preservation age	100%	20%	100%	Marginal rate with no tax offset (except disability)
• Between Preservation age and age 60 or paid due to disability	$0 to $205,000 Over $205,000	0% 15%	100%	Marginal rate with tax offset of 15% available

The tax-free component includes any non-concessional contributions and pre-1 July 1983 amounts. The taxable component is the balance of the benefit after any tax-free component. The above rates are for the 2018/19 financial year and do not include the Medicare or other levies if the amounts are assessable. Different rates of tax apply to superannuation benefits that include an "untaxed element". If you are able to access your benefit as a lump sum due to a terminal medical condition, your benefit will generally be tax-free.

The tax treatment of death benefits paid will vary depending on who receives your benefit and whether it is paid as a lump sum or as a pension. Generally, if the benefit is paid as a lump sum to a 'tax dependant' beneficiary, the benefit will be tax-free. A 'tax dependant' beneficiary includes:

- your spouse or de facto partner, including a person with whom you are in a registered relationship under prescribed laws;
- your children under 18 years of age;
- any person who was financially dependent on you at the time of death; and
- any person who had an interdependency relationship with you at the time of death.

For benefits paid to non-tax dependants, the taxed element of the taxable component of the lump sum death benefit will be taxed at a rate not exceeding 15% plus the Medicare and other levies. The untaxed element of the taxable component of the lump sum death benefit will be taxed at a rate not exceeding 30% plus the Medicare and other levies.

A Higher Tax on Concessional Contributions

Clients with income (for Div 293 purposes) exceeding $250,000 (not indexed) are subject to an additional 15% tax on part or all of their non-excessive concessional contributions.
See under the heading 'How Super Works' at the start of this guide for more information about taxation on contributions in various circumstances.

Tax on Death Benefits Paid to Dependants as an Income Stream

The taxation of a death benefit paid as a pension will depend on your age and the age of the dependant. If at the time of death you are over age 60, payments to the dependant will generally be tax-free. If at the time of death, you and the dependant beneficiary are under age 60 years, the pension will be taxed at the dependant's marginal tax rate (less any deductible amount and pension rebate) until, the dependant is age 60 years or over, when it will become tax-free. It is important to note that for a child to receive your pension in this way, they must satisfy one of these requirements:

- be aged under 18 years;
- be financially dependent and aged under 25 years; or
- have a disability as defined under the Disability Services Act.

If your beneficiary is not a dependant, or is a child and doesn't meet one of the requirements outlined above, your pension will be paid to them as a lump sum.