



# FUTURE SAFE

PRODUCT DISCLOSURE STATEMENT

ISSUED 13 FEBRUARY 2021

## Important Information

Allianz Retire+ is a business name of Allianz Australia Life Insurance Limited, ABN 27 076 033 782, Australian Financial Services Licence (AFSL) 296559 ('AALIL', 'we', 'us', 'our').

AALIL is the issuer of each policy and has authorised the issue of this Product Disclosure Statement (PDS).

AALIL's ultimate parent company is Allianz SE, a global insurance and asset management business headquartered in Munich, Germany with operations in more than 70 countries around the world. Neither Allianz SE nor any of its subsidiaries (Allianz Group) guarantees the performance of AALIL or its obligations to AALIL's customers or benefits under Future Safe.

PIMCO Australia Pty Ltd, ABN 54 084 280 508, AFSL 246862 (PIMCO Australia) provides investment management and other support services to AALIL and may receive fees or other benefits from AALIL for the services it provides. Neither PIMCO Australia, nor any other member of the PIMCO group of companies (PIMCO Group), is the issuer or promoter of Future Safe or is liable to any investor in, or any other beneficiary of a policy. No member of the PIMCO Group, including PIMCO Australia, guarantees the performance of Future Safe, or any withdrawal or other payment, including the repayment of capital invested and the return of income, from it. PIMCO Group is majority owned by Allianz SE.

You should read and consider this PDS carefully before deciding whether or not to invest in Future Safe. The information contained in this document is general information only. It does not take into account your individual objectives, financial situation or needs. You should consider the appropriateness of Future Safe having regard to your individual objectives, financial situation and needs. We recommend that you seek advice from your licensed financial adviser before investing in Future Safe.

Use of the word "guarantee" in this PDS refers to an assurance that certain conditions or contractual promises will be fulfilled by AALIL from Statutory Fund No 2, in relation to the product terms.

Information in this document may change from time to time. We will notify you in writing (which may include by email if you have previously provided us with your email address, by making available information on our Website or other means agreed by you) where we have indicated in the PDS that we will advise you of changes or where we are required to do so under the law

or for any other information we may or must give under your policy. If there is a change to the information in the PDS that is not materially adverse from the point of view of a reasonable person, we may make such changes by publishing the updated information on our Website at [www.allianzretireplus.com.au](http://www.allianzretireplus.com.au). You can request a paper or electronic copy from us free of charge.

References in this PDS to government requirements relevant to Future Safe (including taxation and social security information) are current as at the date of issue of this PDS document. Any subsequent changes will be notified on our Website.

If you would like to invest, you need to complete the application process set out in this PDS, and you must have received this PDS and completed the application form in Australia. Whilst non-resident investors may invest in Future Safe, we will not accept applications from outside Australia.

This PDS and the associated application form constitute an offer by you to acquire a Future Safe policy and, unless and until we otherwise notify, we may treat the application as valid whether the application form is signed manually, electronically or is not signed where it has been submitted to us by you, your adviser or other person on your behalf. The application form does not form a part of this PDS.

If you are a trustee of a superannuation fund, including a self-managed superannuation fund (SMSF), you will need to be satisfied that investing in Future Safe is consistent with your obligations as a trustee.

### Relationship between this PDS and your Future Safe policy

The Terms and Conditions of your Future Safe policy are specified in the current Policy Document which is in [section 4](#) of this PDS and incorporate certain material contained in this PDS.

The Terms and Conditions contained in this PDS which are incorporated into your Future Safe Policy can be found in the following sections:

- Protection options and investment options ([pages 22-25](#)) (Refer Policy Document [page 67](#))
- Investment Intervals ([page 22](#)) (Refer Policy Document [page 67](#))
- Return (text commencing under the heading How the Caps and Floors affect the value of your investment on [pages 25-27](#)) (Refer Policy Document [page 68](#))
- Withdrawal Amount including the Free Withdrawal Amount,

the reference rate and the DVA (text commencing Making withdrawals on [pages 30-33](#)) (Refer Policy Document [pages 68-70](#))

- Annual Product Fee ([pages 29-30](#)) (Refer Policy Document [page 70](#))
- Glossary ([pages 60-62](#)) in relation to definitions associated with the Terms and Conditions (Refer Policy Document, Definitions in Interpretation Section [pages 74 and 75](#))

We may also make changes to these Terms and Conditions unilaterally if they are not Detrimental to you, are required to comply with the Relevant Law or may otherwise make changes as agreed with you (see [clause 12](#) of the Policy Document on [page 72](#)). In addition, if you apply for an additional Investment Interval, you agree to any further or changed Terms and Conditions which will be disclosed prior to your application. All changes to Terms and Conditions will be published on our Website.

You can obtain a copy of the Policy Terms and Conditions from our Website or may obtain a copy free of charge including any Terms and Conditions incorporated from our Website at any time by contacting your financial adviser or by calling us on [1300 371 136](tel:1300371136). You should refer to the Website before applying for a Future Safe policy or a new Investment Interval.

We will send you your Investor Certificate at the time of the commencement of your policy.

### Terminology when reading this PDS

When reading this PDS, please remember that there may be different kinds of policy owners, so you must read it in the context of your particular ownership structure. If the policy is owned by an Australian company or trustee (such as an SMSF), up to two lives insured may be nominated. In this circumstance, a reference to "you" or "your" will refer to the policy owner (or in the relevant context the life insured under the policy).

There is a Glossary section that explains key terms.



# FUTURE SAFE PRODUCT DISCLOSURE STATEMENT

ISSUED 13 FEBRUARY 2021



## CONTACT DETAILS



**1300 371 136** between  
8.30am and 5.30pm (AET),  
Monday to Friday



Reply Paid 89484,  
Sydney, NSW 2001



[help@allianzretireplus.com.au](mailto:help@allianzretireplus.com.au)

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# Section 1 OVERVIEW

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# RETIREMENT HAS CHANGED FOR AUSTRALIANS

You don't want to risk the retirement savings you've got. That makes sense. But can you *really* retire if you're not sure your retirement savings will last?

## A new investment journey

Living longer means it's harder to achieve your retirement goals if you don't keep investing and growing your savings – even after you retire. While many pre-retirees and retirees know they need to stay invested in the sharemarket, they worry about volatility, poor market performance and the risk of losing their savings.

## Helping protect your super when it is most vulnerable

Your super will have probably been invested in the sharemarket for all of your working life. So what's different now? In the 7 or so years before and after you retire, you're in what's known as the 'retirement risk zone'.

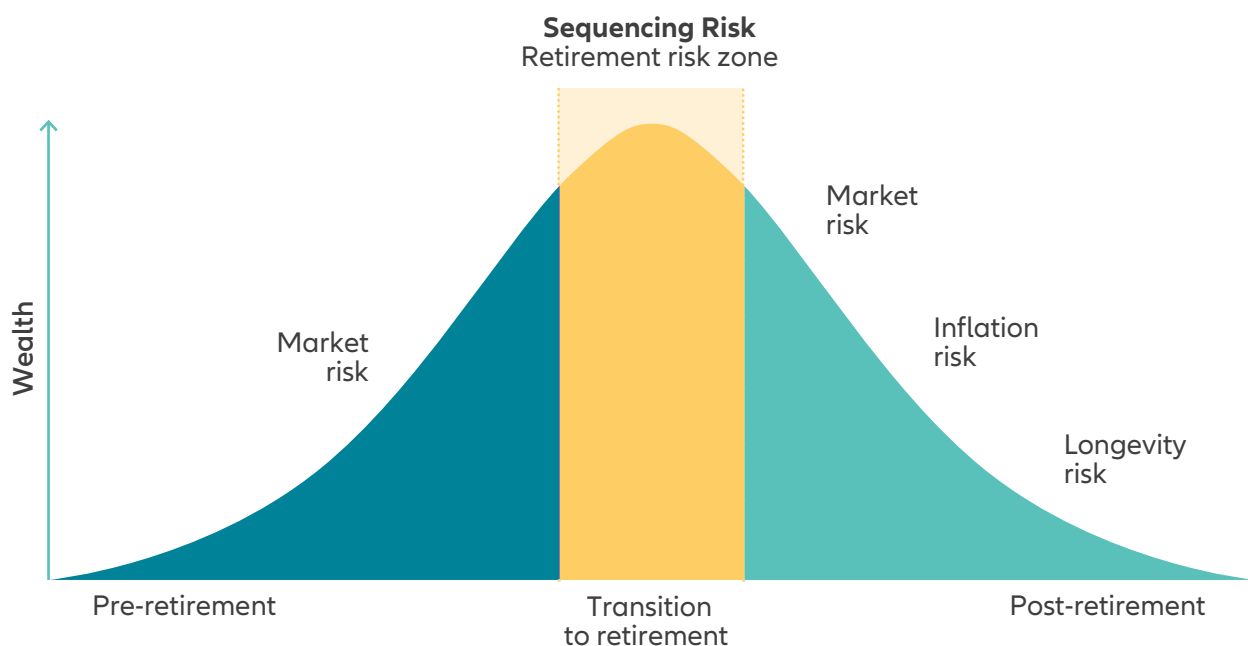
This is the time when your savings are most vulnerable to a drop in the sharemarket – a risk known as sequencing risk. Negative sharemarket returns in this period can have a significant impact on your savings. Why? Because in basic terms this is when a market

downturn means you are drawing down on your assets at the bottom of the market and don't have the opportunity to recover the fall in value.

Having less money in super could impact your retirement in a number of ways:

- needing to work for longer or having to return to work
- lack of control over when you can retire
- less time with family and friends
- budget constraints and/or sacrifices to lifestyle
- an increased reliance on the age pension.

We are proud to present **Future Safe**. Keep your retirement savings invested with the peace of mind of knowing your range of returns upfront.



# MORE THAN ONLY YOUR SUPER

Are you looking to invest for your long-term goals outside of super? Do you worry about the impact of market losses on your investment?

## Not exclusively for retirees with super

The benefits of Future Safe extend beyond those with super investments who are nearing or already in retirement.

Future Safe may be appropriate for any investor who is within 20 years of their target retirement date, or who has already retired, or is investing outside of the superannuation system and has a marginal tax rate above 30% and is looking to access sharemarket returns with a lower level of volatility.

## Benefits for investors with personal savings

If you invest in Future Safe as an individual outside of your super, the investment may offer you a tax effective solution to investing depending on your individual circumstances. If the investment is held for at least 10 years, earnings are taxed at a rate of 30%, rather than your personal marginal tax rate. Unlike many other investment products, earnings from Future Safe are taxed in our hands rather than

yours. Additional information on tax can be found on [page 46](#).

As a life insurance investment product, Future Safe gives you the ability to nominate beneficiaries to receive investment proceeds in the event of death.

Depending on your individual objectives, financial situation, needs and goals, Future Safe may be suitable for you if you are:

- within 20 years of your target retirement date, already retired, or a high income earner with a marginal tax rate above 30%
- concerned about the impact of volatility and sharemarket losses on your investment
- looking for a solution to complement your superannuation
- looking for certainty with estate planning and distributing wealth
- looking for an investment with little to no tax reporting.

*"I know I need to stay invested in the sharemarket, but I don't want to lose any of my retirement savings."*



# FUTURE SAFE OVERVIEW

## What is it?

Future Safe is an investment product issued by a life insurance company, that gives you a simple way to access the returns of the sharemarket and guarantees the certainty of a range of outcomes.

## BENEFITS



### Security

A range of protection options that enable you to limit or eliminate the impact of a market downturn on your investment.



### Growth

Potential to grow the value of your investment over time, subject to an upper limit on the annual investment return.



### Income

Ability to generate a regular income stream, which can be paid at regular intervals, and may be tax-free for people over 60 years of age who invest with super money.



### Flexibility

Flexibility to change your protection and investment options each year. Ability to make withdrawals subject to certain conditions.

## PROTECTION OPTIONS

Future Safe allows you to select a combination of Fixed Rate or market-linked investment and protection options to suit your needs.

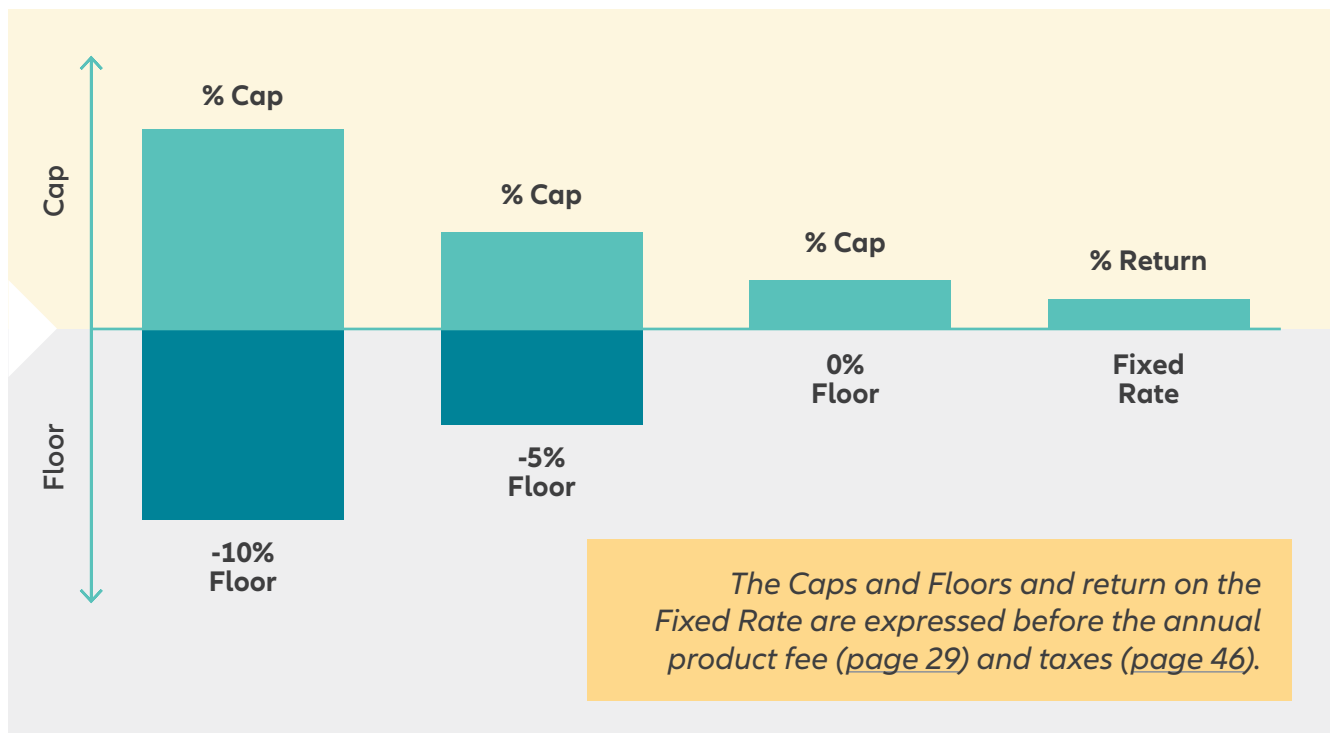
You select these at the commencement of your policy, and you have the option to change them each year at the Anniversary Date of your policy.

Each market-linked investment option is made up of a '**Floor**' and a '**Cap**'.

The **Floor** is the maximum market loss you could experience in a year.

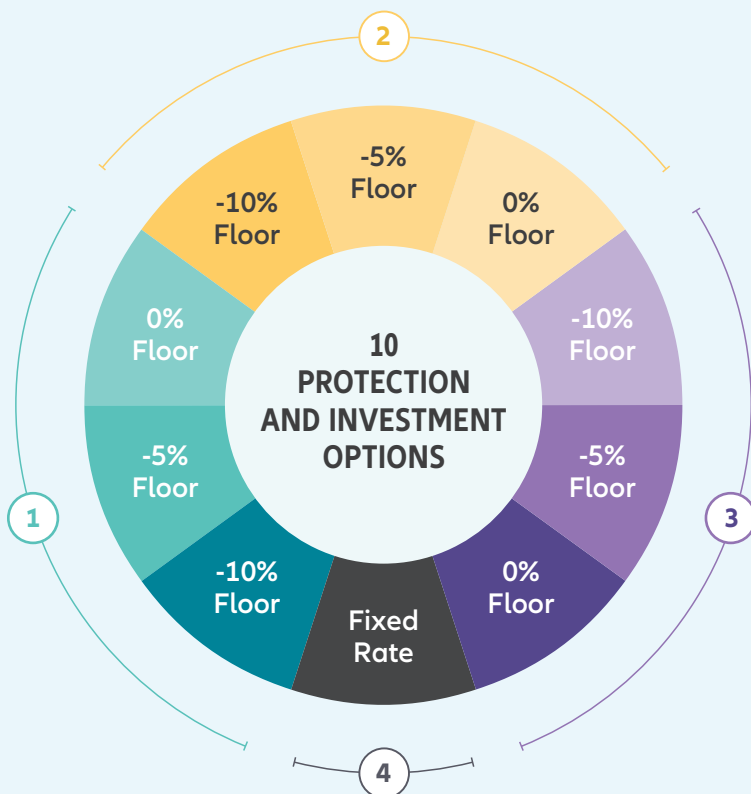
The **Cap** is the maximum return the investment option can achieve in that year and is dependent on the Floor (the level of protection) that you choose. Each market-linked investment option has its own set of Caps for each Floor. The greater the level of protection, the lower the Cap.

The Fixed Rate option provides a one year fixed rate of return.



More details on Floors and Caps can be found on [page 22](#) and the Fixed Rate on [page 24](#).

## SUMMARY OF OPTIONS AVAILABLE



An opportunity to gain exposure to returns linked to domestic and global equity indices at your chosen level of protection.

You can choose any, some or all of these options and reallocate at each Anniversary Date.

Your investment options:

- ① **S&P/ASX 200 Total Return**
- ② **S&P/ASX 200 Price Return**
- ③ **MSCI World Net in Australian Dollar**
- ④ **Fixed Rate**

The higher the Floor, the lower the Cap on the investment return.



## FEATURES AT A GLANCE

### Investment amount

Minimum

\$20,000

Maximum

\$1.6 million (Super\*)

\$5 million (Personal Savings\*\*)

\* The maximum will increase in line with the transfer balance cap (refer to [page 58](#))

\*\* Amounts in excess of \$5 million will be considered and subject to approval by us.

### Source of funds

Personal savings\*  
or Super\*\*

\* Includes policies purchased by a trustee of an SMSF.

\*\* Super that is unrestricted non-preserved, Super where you have reached preservation age and are still working.

== **Unrestricted non-preserved super money, Preservation age:** Please refer to the Glossary for the definition.

### Additional investment

You cannot add to your policy once it has started, but you can invest in a new policy.

### Caps and Fixed Rate

Set at commencement;  
Reset annually  
at Anniversary Date

### Free Withdrawal Amount

Available (up to a limit)

### Fees and other costs

0.80% pa (inclusive of GST, if any) deducted annually at your Anniversary Date (refer to [page 29](#)).

Fees may apply if you exceed your Free Withdrawal Amount (refer to [page 30](#)).

Retained yield is the amount we may retain on the return generated by the portfolio of assets in the statutory fund. The maximum amount that we will retain in any one year is 1%. The impact of the retained yield is reflected in the Caps and Fixed Rate that we offer to you (refer to [page 20](#)).

### Investment Intervals

7 or 10 years

### Adviser service fee payment facility

Adviser service fees are fees that you negotiate with and agree to pay to your financial adviser for advice services provided by them. You can direct us to pay adviser service fees to your financial adviser from your Future Safe account. We can facilitate the payment of the adviser service fees from your investment upon receiving instructions from you to do so (refer to [page 38](#)).

## How it works

### STEP 1



#### Understand your investment goals

Talk to your financial adviser about your objectives and the returns you need to reach your goals, along with your liquidity needs as Future Safe is designed to be held for Investment Intervals of 7 or 10 years.

### STEP 2



#### Choose an initial Investment Interval

Decide if you want the initial Investment Interval to be 7 years or 10 years. At the end of each Investment Interval you can apply to remain invested and select an additional Investment Interval from the options available at that time. You can also withdraw some or all of your Account Balance with no MVA charge at the end of an Investment Interval. (see [page 22](#)).

### STEP 3



#### Decide your worst case scenario and choose a protection option

Together with your adviser, decide which protection option will best meet your objectives and decide your Floor for the first year. This is your protection against the impacts of a falling sharemarket. You can't lose more than your Floor (excluding the annual product fee and any applicable taxes) – even if the market falls further (see [page 22](#)).

### STEP 4



#### Choose an investment option

Choose from domestic and global equities index linked options, a one year Fixed Rate investment, or a combination of these (see [page 24](#)). Together with your adviser, decide which investment option or mix of options will best meet your objectives.

### STEP 5



#### Access your money as regular income/lump sum

At the end of each year, your return will be credited or debited to your policy. You can choose to withdraw this or leave it in your policy (see [page 30](#)). If you have invested with super money we will pay you at least the minimum requirements under super laws (see [page 36](#)). You can choose to make additional withdrawals subject to certain conditions, and in some circumstances fees may apply (see [page 32](#)).

### STEP 6



#### Check in each year to review your strategy

Together with your adviser, update your protection or investment options each year, to meet your lifestyle needs and broader portfolio objectives (see [page 27](#)).

## YOUR OPTIONS (illustrative purposes only)

If you are comfortable with a 10% sharemarket loss in a year	If you are comfortable with a 5% sharemarket loss in a year	If you want to limit any sharemarket losses to 0% in a year	If you need the certainty of a known one year fixed rate of return
<b>YOUR MAXIMUM LOSS (FLOOR)</b>			
<b>-10%</b> If the sharemarket went down 15%, you would only <b>lose 10%</b>	<b>-5%</b> If the sharemarket went down 15%, you would only <b>lose 5%</b>	<b>0%</b> If the sharemarket went down 15%, you would <b>lose 0%</b>	<b>No loss</b>
<b>YOUR MAXIMUM GAIN (CAP)</b>			
<b>EXAMPLE +11%*</b> If the sharemarket went up 15%, you would get a <b>11% return</b>	<b>EXAMPLE +6%*</b> If the sharemarket went up 15%, you would get a <b>6% return</b>	<b>EXAMPLE +3%*</b> If the sharemarket went up 15%, you would get a <b>3% return</b>	<b>EXAMPLE 1%*</b> You will receive interest so that you get a <b>1% return</b>
<b>FEES AND TAXES</b>			
Less annual product fee of 0.80% (inclusive of GST, if any) and any applicable taxes			
<b>INVESTMENT OPTIONS</b>			
Domestic and global equities index linked	Domestic and global equities index linked	Domestic and global equities index linked	One year Fixed Rate

\* These Caps and the Fixed Rate are for illustrative purposes only (refer to [pages 22 and 24](#) for further details). The initial Cap for each market-linked investment option is set at the policy Commencement Date and will remain at that level until the Anniversary Date of your policy. Each year, the Caps and Fixed Rate may be higher or lower than the Caps and Fixed Rate in the previous year. On each Anniversary Date we will reset the Caps and the Fixed Rate for the next year and ask you to elect your investment and protection options for that year. By selecting those options, you are agreeing to the level of the Caps and Fixed Rate that apply for that year, including any guaranteed minimum Caps and Fixed Rate, which may be lower or higher than those that applied in relation to the previous Investment Interval and may be calculated using a different Formula. Details of the applicable Terms and Conditions, including the guaranteed minimum Caps and Fixed Rate and the applicable Formula, will be made available to you prior to selection, including by way of publication on our Website. For information about the current Caps for each market-linked investment option and Fixed Rate, visit our Website.



# Who can invest



## Individuals

### Individuals

You can invest in Future Safe if you are aged 18 to 80\* and you are:

- Using personal savings
- Rolling over super money that is unrestricted non-preserved to purchase a retirement phase income stream, or
- Rolling over super money to purchase a transition to retirement income stream, if you are still working and have reached your preservation age.

Retirement phase income streams are tax free if you are aged 60 or over.

*\* The maximum age for the 10 year Investment Interval is 77. The maximum age applies at the start of the initial Investment Interval and upon renewal.*

All ages mentioned in this PDS are age as at last birthday.

**Unrestricted non-preserved super money, Preservation age:** Please refer to the Glossary for the definition.

### Non-resident investors

If you're an overseas resident in Australia, you can invest your personal savings in Future Safe as long as you are aged 18 to 77 (for the 10 year Investment Interval) and ages 18 to 80 (for the 7 year Investment Interval). The maximum age applies at the start of the initial Investment Interval and upon renewal.

You must receive this PDS and complete the application form while in Australia. The initial investment must be from an Australian bank account in Australian dollars.

Payments out of the policy will be paid in Australian dollars and you will need an Australian bank account in your name to receive the funds. The tax you pay will depend on your country of residence.

Any tax information in this PDS relates to the treatment of money in Australia assuming the policyholder is a resident of Australia for income tax purposes.

### Joint investors

You can invest in Future Safe with one other individual investor using personal savings as long as you're both aged 18 to 77 (for the 10 year Investment Interval) and aged 18 to 80 (for the 7 year Investment Interval). The maximum age applies at the start of the initial Investment Interval and upon renewal. If you're a joint investor, both you and the other investor need to be either residents or non-residents, but you can't be a combination of the two.

From a legal perspective, a joint investment will be held by the policy owners as joint tenants. This means that on the death of one joint investor, the surviving joint investor will receive the deceased's share in the product, and they will then become the sole owner of the policy.



**A self-managed super fund (SMSF) trustee, and other Australian trustees and companies**

### SMSF trustees and other Australian trustees and companies

Policies are only owned by a single owner and payments must be paid into an account in the name of the company or trustee.

A policy purchased by a trustee of an SMSF has to be solely to support a retirement phase income stream or an accumulation investment or a transition to retirement investment, but not

a combination of any of these. For the purposes of super law, these policies are treated as having been purchased with personal savings.

For the purposes of tax, the tax on earnings held by a trustee of an SMSF will depend upon the nature of the investment:

- Accumulation investment (15%)
- Transition to retirement (15%)
- Retirement phase income stream (tax free).

The nature of the investment may change over the Duration of your policy if, for example, the member of the SMSF to whom the policy relates retires or turns 65. When this occurs, the applicable tax on earnings may also change. Please refer to [page 46](#) for more details.

## How to apply

### Directly with us

You must provide us with:

- A completed and signed application form\*
- The required identity documents or consent to identify you electronically
- The funds via:
  - Direct deposit or complete the direct debit authority if investing with non-super money, including personal savings or through an SMSF
  - Superannuation rollover, by completing the Super Rollover Benefit Request form.

### Through a financial adviser

Speak to your financial adviser to find out more about Future Safe and they can help you with the application process.

If you have any questions about investing in Future Safe you can call us between 8.30am and 5.30pm (AET), Monday to Friday.



**1300 371 136**

*\* Please note that we may treat the application as valid whether the application form is signed manually, electronically or is not signed where it has been submitted to us by you, your adviser or other person on your behalf.*

## HERE'S HOW IT WORKS

(illustrative only)



# Ricardo & Laura

We're happy as long as we limit losses on our super.

Ricardo is 64 years old and Laura is 63. They have funds in a self-managed super fund, invested in property, shares and term deposits.

As they approach retirement, they're looking forward to spending more time with their family as well as taking some well-deserved holidays.

### Work status

Both working full-time.

### Concerned about

Large falls in the market impacting their investment.



While they are keen to enjoy retirement, they also want to make sure their family will be looked after when they die and so want to limit losses on their investment.

Meet with adviser



Decide how much to invest



Lodge an online application



Policy commences



YEAR 1

## Deciding phase

### STEPS 1 & 2

Together with their adviser, they identify their retirement goal, which is to make sure their super doesn't suffer large losses in any year. They want the ability to access sharemarket returns with a lower level of volatility. They have other assets they can access in case of emergency, and so they decide to select a 7 year Investment Interval.

### STEP 3

They choose the -5% Floor option as they can tolerate some market losses. They know the annual product fee is charged on top, and that tax may also apply.

PAGE 22

### STEP 4

Ricardo and Laura consider the investment options and choose to invest in the S&P/ASX 200 Total Return Index (as they want the index that is calculated assuming dividends reinvested) and the MSCI World Net Index in Australian Dollars.

PAGE 24

### STEP 5

At the end of each year, their investment return will be credited or debited to their policy. They can choose to withdraw this or leave it in their policy.

PAGE 36

### STEP 6

They review their protection and investment choices every year with their adviser to ensure these continue to meet their needs and fit with their investment objectives.

PAGE 27



They benefit from positive returns from their sharemarket linked investment selection, up to their Cap (before the annual product fee and any applicable taxes).



## Lump sum withdrawal

## Market loss

## Market gain

## Investment Interval ends



YEAR 2

YEAR 3

YEAR 4

YEAR 5

YEAR 6

YEAR 7



Both retire

Reaching their goal



To fund their once in a lifetime holiday, they withdraw a lump sum from their Future Safe policy at the end of the year, which is paid to their SMSF.

As they withdraw this from their Free Withdrawal Amount there is no Market Value Adjustment.

PAGE 30



As they have retired, 0% tax on Future Safe earnings.

PAGE 46



A market correction occurs in year 3 with a fall of 15% in the selected indices.

However, with the -5% Floor, their market loss is limited to 5% (before the annual product fee and any applicable taxes).

PAGE 25



They benefit from positive returns from their sharemarket linked investment, up to their Cap (before the annual product fee and any applicable taxes).



EVERY YEAR

Their initial investment has increased.



After discussing with their adviser and determining that they have sufficient liquidity they decide to select a 7 year Investment Interval. They know that the Caps for the 10 year Investment Interval are higher but are concerned about liquidity after 7 years. They select -5% Floor option.

PAGE 40

**Annual election**

Maintained protection and investment options to align with objective.

PAGE 27

**Interest credited**

Point-to-point interest is credited or debited annually based on index performance between Anniversary Dates, up to their Cap, or where the market falls, market losses are limited to the chosen Floor. Taxes will be deducted where applicable.

PAGE 26

**Annual product fee**

Fee of 0.80% pa (inclusive of GST, if any) deducted from account annually.

PAGE 29



Christine

*I want to limit losses on my savings and invest in a tax efficient way.*

Christine is 50 years old and looking to retire within the next 20 years. She has built a successful business and pays personal tax at the highest marginal rate. She has a super fund and owns a portfolio of shares and term deposits outside of super.

#### Work status

Full-time.

#### Concerned about

Large losses on her investments having an impact on how much she can provide for her family. She is also concerned about the tax treatment of investment returns outside of super given her high marginal tax rate.



**A solution that can reduce the risk of losing money from the sharemarket and which may be tax efficient.**

Meets with  
adviser



Decide how  
much to  
invest



Lodge an  
online  
application



Policy  
commences



YEAR 1

### Deciding phase

#### STEPS 1 & 2

Together with her adviser, Christine identifies her investment goal, which is to invest a portion of her non-super assets to access sharemarket returns with a lower level of volatility. She selects the 10 year Investment Interval.

#### STEP 3

She chooses the -10% Floor option as she is able to sustain some annual losses and prefers the ability to have a higher cap.

PAGE 22

#### STEP 4

Christine and her adviser discuss the investment options and choose to invest in the S&P/ASX 200 Total Return Index.

PAGE 24

#### STEP 5

At the end of each year, the investment return will be credited or debited to Christine's policy. She is able to withdraw the investment return but chooses to leave it in the policy to maximise tax benefits and avoid adverse tax consequences. See [page 46](#) for details on tax consequences of making a withdrawal.

PAGE 36

#### STEP 6

Christine reviews the protection and investment choices every year with her adviser to ensure these continue to meet her needs and fits her investment objectives.

PAGE 27



She benefits from positive returns from the sharemarket linked investment selection, up to her Cap (before the annual product fee and any applicable taxes).

Change  
Investment  
Option

YEAR 2



After discussion with her adviser, Christine decides to select the S&P/ASX 200 Price Return Index for Year 2. While this index does not include dividends, she prefers having a higher Cap on the index return.

PAGE 24

Market  
loss

YEAR 3



A market correction occurs in year 3 with a 20% fall in the selected index.

However, with the -10% Floor, the investment loss is limited to 10% (before the annual product fee and any applicable taxes).

PAGE 25

Market  
gain

YEARS 4-8



She benefits from positive returns from her sharemarket linked investment, up to her Cap (before the annual product fee and any applicable taxes).

Market  
loss

YEAR 9



A market fall of 7% in the selected index occurs in year 9. This is less than Christine's selected Floor of -10% and so her investment loss is 7% (before the annual product fee and any applicable taxes).

EVERY  
YEARInvestment  
Interval ends

YEAR 10

Reaching  
her goal

Christine has reached the end of her initial Investment Interval. As she is not sure whether she will remain a high marginal tax payer going forward, she decides to withdraw her investment.



Given that the investment has been held for 10 years, there is no personal tax payable on any withdrawal (based on current tax rules).

PAGES 40 AND 46

**Annual election**

Maintained protection and investment options to align with objective.

PAGE 27

**Interest credited**

Point-to-point interest is credited or debited annually based on index performance between Anniversary Dates, up to the Cap, or where the market falls, market losses are limited to the chosen Floor. Taxes will be deducted where applicable.

PAGE 26

**Annual product fee**

Fee of 0.80% pa (inclusive of GST, if any) deducted from account annually.

PAGE 29





# Patricia

*I need to preserve my super balance and draw an income to supplement part-time earnings.*

Patricia is a healthy 60-year old who is single. Although she's reached a stage where she would like to have more leisure time, she enjoys her job and isn't ready to give up working completely.

## Work status

Working part-time and enjoying the best of both worlds for now.

## Concerned about

Market losses impacting her super balance and needs to grow her retirement funds.



**She is looking for a solution that can secure a supplementary income to top-up her part-time earnings now. She does not want to put all of her superannuation at risk as she'll need it to generate her income when she fully retires.**

Meets with  
adviser



Rolls over  
part of  
her super



Policy  
commences



Market  
gain



YEAR 1

YEAR 2

## Deciding phase

### STEPS 1 & 2

Identifies her retirement objective with her adviser, which is to supplement her income with the ability to access sharemarket returns with a lower level of volatility. She prefers the higher Caps of the 10 Year Investment Interval and determines how much she can comfortably invest for the 10 year Investment Interval.

### STEP 3

Patricia chooses the -10% Floor option, as she is confident she can tolerate some market losses until she fully retires.

PAGE 22

### STEP 4

Chooses to invest in the S&P/ ASX 200 Total Return Index and the MSCI World Net Index in Australian Dollars Index.

PAGE 24

### STEP 5

As Patricia is over 60 and switching to a part-time income, she'll be making withdrawals at the required minimum rate from her Future Safe account each year.

PAGE 36

### STEP 6

Reviews options with her adviser each year.

PAGE 27



Being age 60+ and investing with super, Patricia receives the minimum required income from her account.



She receives a positive market return, up to her Cap (before the annual product fee and any applicable taxes).



She receives a positive market return, up to her Cap (before the annual product fee and any applicable taxes).

Market  
loss



YEAR 3



A market correction occurs with a fall of 25% in the selected indices in year 3. However, with the -10% Floor, Patricia's market loss is limited to 10% of her balance (before the annual product fee and any applicable taxes).



EVERY  
YEAR

Maintains Floor  
after review  
with adviser



YEAR 4



**-10% Floor**

Following her adviser's advice on a potential market rebound, she maintains her Floor at -10%. This entitles her to the highest Cap to benefit from any market returns.



The market rebounds. Patricia receives a return up to her Cap (before the annual product fee and any applicable taxes).

PAGE 25

Reallocates  
to -5% Floor



YEAR 5



Patricia  
retires



**-5% Floor**

Following discussions with her adviser, she chooses a -5% Floor to limit further market losses. Her Cap is also lower.

PAGE 22



0% tax on Future Safe earnings since she has retired.

PAGE 46



Mandatory payment amount rises to 5% of her account in year 6 as she turns 65.

Investment  
Interval ends



YEAR 10

Reaching  
her goal

Patricia's been able to supplement her income over the 10 years. Her initial investment has increased over the period.



She discusses her increased liquidity needs with her financial adviser. She decides to withdraw from Future Safe rather than selecting a new Investment Interval.

PAGE 40



**Annual election**  
Maintained and/or reallocated options to align with objective.

PAGE 27



**Interest credited**  
Point-to-point interest credited or debited annually based on index performance between Anniversary Dates up to her Cap, or where the market falls, market losses are limited to the chosen Floor. Taxes will be deducted where applicable.

PAGE 26



**Steady income**  
Ability to access regular income.

PAGE 36



**Annual product fee**  
Fee of 0.80% pa (inclusive of GST, if any) deducted from account annually.

PAGE 29

## ABOUT ALLIANZ RETIRE+



PIMCO refers to PIMCO Australia, which is a member of the PIMCO Group.

### ALLIANZ GROUP

As at Dec 2019

**100M**  
Customers

**147k**  
Employees  
in more than  
70 countries

### PIMCO GROUP

As at Sept 2020

**US\$2.02T**  
Assets under  
management

**820+**  
Investment  
professionals  
**260+** portfolio  
managers

## Allianz Retire+ brings together one of the world's largest insurance companies with the capabilities of one of the world's largest fund managers.

Allianz Retire+ is part of Allianz Group, which has more than 100 million customers. Allianz Group customers benefit from a broad range of personal and corporate insurance services, including property, life and health insurance, assistance services, credit insurance and global business insurance. Allianz Group has over 147,000 employees in more than 70 countries, and insures more than 3.5 million Australians.

PIMCO Australia is part of PIMCO Group, one of the largest investment managers in the world. Its investment process emphasises well researched fundamental economic and credit analysis to identify value in market sectors and individual securities.

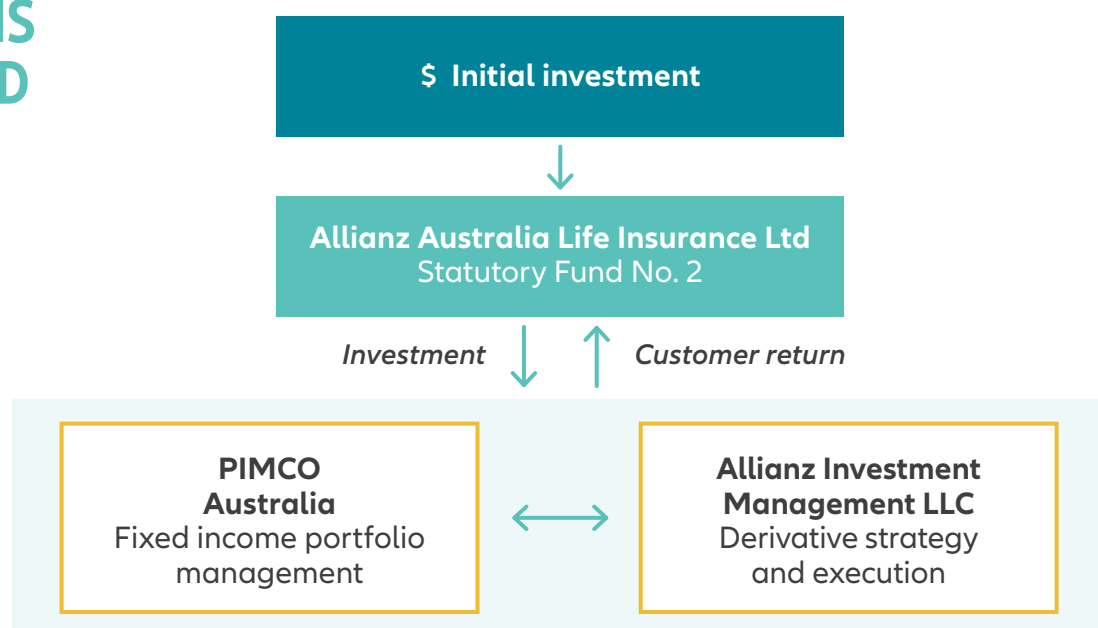
At 30 September 2020, the PIMCO Group manages more than US\$2.02 trillion (including affiliated assets) on behalf of investors around the world. PIMCO Australia provides investment management and other support services to Allianz Retire+. The PIMCO Group is majority owned by Allianz SE.

Allianz Retire+ also draws on the capabilities of Allianz Investment Management LLC. They provide the investment expertise to manage the exposure Future Safe has to sharemarket performance.

In developing Future Safe, Allianz Retire+ has benefited from the expertise and capabilities of Allianz Life Insurance Company of North America. They have a long history of developing innovative retirement products and solutions to help people address the challenges they face in retirement, giving them more control and security over their future.



# HOW YOUR MONEY IS INVESTED



APRA  
regulated  
life company

Assets in  
Statutory  
Fund No. 2

Your initial investment goes into an Allianz Australia Life Insurance Limited (AALIL) statutory fund along with money received from other policy owners. AALIL also adds capital to this statutory fund from its own money and the statutory fund is regulated under the Life Insurance Act 1995 (Cth). The name of the statutory fund that your money will go to when you invest in Future Safe is Statutory Fund No. 2.

Assets of this statutory fund are invested in predominantly fixed income assets. PIMCO Australia manages these assets on behalf of AALIL. The assets of the statutory fund are not invested in the sharemarket or the selected index you have chosen for your investment option. The index participation feature of Future Safe is supported by investing in derivative contracts, predominantly put and call options, which deliver economic returns consistent with the movement of the appropriate index within the boundaries of the appropriate Caps and Floors. The derivatives are actively managed by Allianz Investment Management LLC.

*The derivatives strategy entered into by AALIL means that we do not have market exposure beyond the Cap or below the Floor. As a result, we generally do not generate any gains if the underlying indices achieve a higher return than the relevant Cap, nor incur losses if the return of the indices is below the relevant Floors.*

We make all payments to you from the statutory fund. If the assets of the statutory fund fall below the minimum level needed to make all current and future payments, we can be required to top up the assets of the statutory fund with our own money. The Australian Prudential Regulation Authority (APRA) supervises this requirement and has extensive regulatory powers to promote stability in the financial system. Where there are amounts in the statutory fund which are in excess of APRA's prudential capital requirements, AALIL may withdraw these surplus funds.

### **How we make money**

We invest the assets of the statutory fund in a portfolio of assets, predominately fixed income assets which are managed by PIMCO Australia. This portfolio generates a return, and this return is either used to support the Fixed Rate we offer, or is used to purchase derivatives. The derivatives enable us to provide the Caps that we offer to you. We use the annual product fee deducted from your account to pay our operating expenses and a margin for profit. Where the annual product fee isn't enough to meet our operating costs and profit margin, we will retain a portion of the return generated by the portfolio of the assets in the statutory fund. This is referred to as the 'retained yield'. The maximum amount that

we will retain in any one year is 1%. The impact of the retained yield is reflected in the Fixed Rate and Caps that we offer to you (refer to [page 51](#) under "Cap and rate management risk" for more details). We will publish details of any amount that we have withheld along with the latest Caps and Rates on our Website. Also, if you make a withdrawal in excess of your Free Withdrawal Amount, we will charge a Market Value Adjustment and we will retain the early withdrawal fee component (refer to [page 32](#) for more details).



## Section 2 IN DEPTH

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# HOW FUTURE SAFE WORKS

Future Safe gives you the opportunity to grow your investment through market linked returns with inbuilt protection or gives you access to a fixed return. This combination means you can be sure and guaranteed of the range of possible outcomes you will get.

## Investment Intervals

Future Safe is designed to be held for Investment Intervals of 7 or 10 years. You select an Investment Interval within your policy at inception, at the end of each Investment Interval or when you have been invested in the cash investment option.

At the end of the initial Investment Interval and each subsequent Investment Interval, you can apply to remain invested and select an additional Investment Interval from the options available at that time. You can also withdraw some or all of your Account Balance with no MVA charge at the end of the Investment Interval.

## Protection options

The protection benefits can limit or even eliminate losses that would otherwise result from falls in the sharemarket. This creates a trade-off where each protection option (or Floor) has an associated ceiling (or Cap) on the potential return that can be achieved.

Once you have decided your investment and/or retirement goals, liquidity and cash flow needs, investment timeframe, and determined how much you can afford to lose in a market downturn, you can elect the level of protection that is right for you. You set this at the Commencement Date and at each Anniversary Date.

### Floors

There are three levels of sharemarket protection you can choose: -10%, -5% and 0% Floors, as shown on [page 23](#).

In the case of a market downturn, your annual market return in that year will never be lower than the Floor (before the annual product fee and any applicable taxes) that you chose, even if the performance of your selected investment index is worse.

### Caps

Each protection option has its own set of Caps for the different investment options. Caps limit the potential returns that you may make from growth in the index. The greater the level of protection, the lower the Cap.

The initial Cap for each protection and investment option is set at the policy Commencement Date and will remain at that level until the Anniversary Date of your policy. On each Anniversary Date, we reset the Caps for the next year. These new Caps may be higher or lower than the Caps set in the previous year.

To give you greater certainty for the duration of your Investment Interval, Caps and the Fixed Rate will never be lower than the minimums calculated as described in the table on [page 23](#). The minimum Caps and Fixed Rate are determined at the commencement of each Investment Interval and apply for the full duration of that Investment Interval. The minimum Caps and Fixed Rate may be negative for all Investment Options other than the 0% Floor which will not go below 0%. The Formula in the table on [page 23](#) may be changed from time to time and the latest Formula will be used to determine the minimum Caps and Fixed Rate at the commencement of each Investment



Interval. The minimum Caps and Fixed Rate may be lower or higher than those that applied in relation to the previous Investment Interval.

You will be able to see the guaranteed minimum Caps and Fixed Rate applicable to your policy on your investor certificate sent to you at the commencement of each Investment Interval.

The Caps and Fixed Rate for each investment option are calculated independently of each other. There are a variety of factors that influence Caps, including the price of derivative instruments relating to the indices, the returns from our fixed income assets and the operating costs of our business.

	-10% Floor	-5% Floor	0% Floor	Fixed Rate
<b>7 year Investment Interval</b>	5 year treasury rate <b>+4.50%</b>	5 year treasury rate <b>+2.45%</b>	5 year treasury rate <b>-0.20%*</b>	5 year treasury rate <b>-0.30%</b>
<b>10 year Investment Interval</b>	5 year treasury rate <b>+5.10%</b>	5 year treasury rate <b>+2.90%</b>	5 year treasury rate <b>+0.05%*</b>	5 year treasury rate

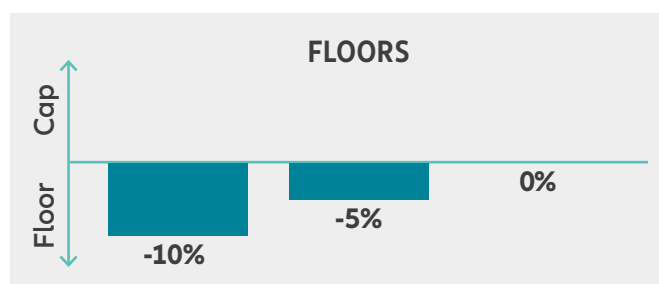
\* Subject to a minimum of 0% for the 0% Floor.

The treasury rate referred to in the table is the yield on the Australia 5 year government bond (Bloomberg code: GTAUD5Y) at the start of each Investment Interval. The yield on a particular day will be the Australia 5 year government bond yield at the close of trading on that particular day. If that day occurs on a day that is not a Sydney business day, we will deem that "particular day" to have occurred on the previous Sydney business day in order to work out the applicable yield level.

### EXAMPLE

Patricia invests into a 7 year Investment Interval on 29 January 2021. The yield on the Australia 5 year government bond at the close of trading on that day was 0.40%.

The guaranteed minimum Cap for the -5% Floor will be 2.85% (0.40% + 2.45%). This guaranteed minimum Cap will apply for the duration of her initial Investment Interval.



- There are 3 levels of protection
- Caps may change every year
- Minimum Caps and Fixed Rate apply for the duration of your Investment Interval

*Caps and Floors are expressed before the annual product fee and applicable taxes.*

For information on current Caps for each of the investment options, visit our Website, contact your financial adviser, or call us on [1300 371 136](tel:1300371136).

Be aware that Caps and Fixed Rate that will apply to your policy are the relevant Caps and Fixed Rate at the date of commencement of your policy or the most recent Anniversary Date (whichever is later). These may be different to, and may be less than the Caps and Fixed Rate that were relevant at the time you submitted your application. When you select an Investment Interval, your investment is subject to the then current applicable Terms and Conditions, including the guaranteed minimum Caps and Fixed Rate. Details of these applicable Terms and Conditions will be made available to you prior to selection by way of publication on our Website.

## Investment options

Future Safe offers a number of investment options to choose from. It gives you the opportunity to gain exposure to domestic equities, global equities or earn a steady fixed return.

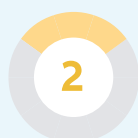


### S&P/ASX 200 Total Return Index

(Bloomberg  
code: **ASA51**)

Represents the top 200 ASX listed companies by way of free float-adjusted market capitalisation and assuming all cash dividends are reinvested.

Note that the use of this index does not give rise to franking credits.



### S&P/ASX 200 Price Return Index

(Bloomberg  
code: **AS51**)

Represents the top 200 ASX listed companies by way of free float-adjusted market capitalisation. This index does not include dividends.

Note: The absence of dividends in this index may lead to more frequent years in which the annual return is negative when compared to the S&P/ASX 200 Total Return Index. The Cap on this index is expected to be higher when compared to the S&P/ASX 200 Total Return Index. Refer to the Website for information on current Caps.



### MSCI World Net in Australian Dollar Index

(Bloomberg  
code: **MMWO**)

Represents large and mid-cap sized companies across 23 developed countries. The index covers approximately 85% of the free float-adjusted market capitalisation in each country. It is a total return index assuming net dividends are reinvested.

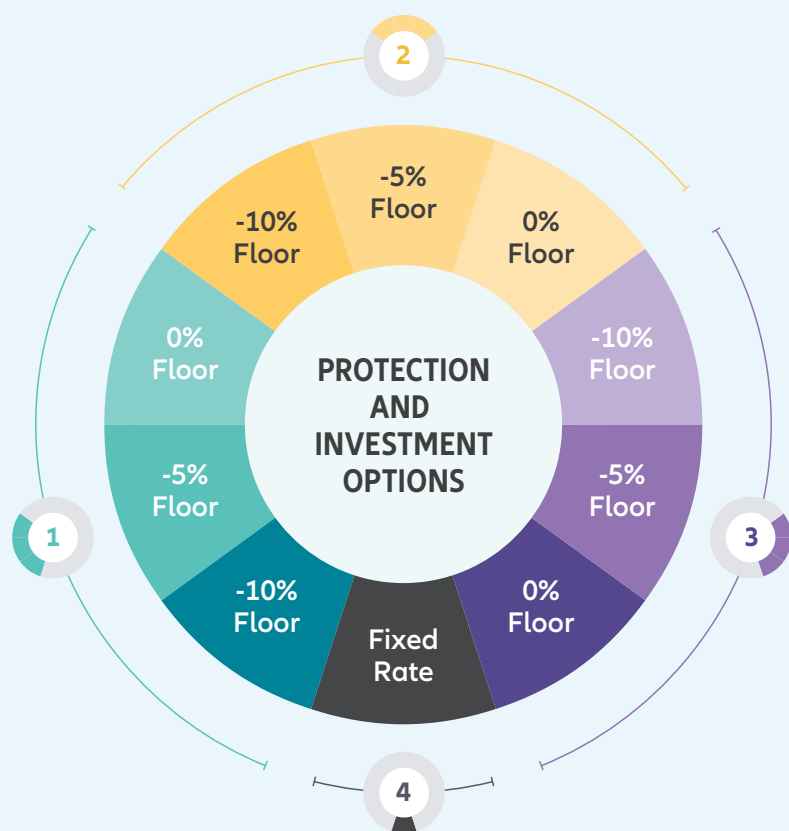
Returns from this index may be impacted by foreign currency fluctuations.



### Fixed Rate

This option offers you a one year fixed interest rate. The rate will be the declared rate that applies at the Commencement Date or most recent Anniversary Date.

The rate for this option is reset annually on your Anniversary Date. While the rate may vary each year, for the duration of your Investment Interval it will never be less than the guaranteed minimum Fixed Rate (refer to [pages 22 and 23](#)) (before the annual product fee and any applicable taxes).



*While your funds are not invested in the actual market indices, these are used to determine the returns on your investment.*

You can choose a single investment option or a combination of options. At each Anniversary Date you can choose to reallocate your funds among these protection and investment options (see Annual election process on [page 27](#)).

Like the Caps, the Fixed Rate offered may vary between the date of application and the date of the commencement of your policy.

For information on current Caps and Fixed Rate, visit our Website, contact your financial adviser, or call us on [1300 371 136](tel:1300371136).

## How the Caps and Floors affect the value of your investment

*At each Anniversary Date of your policy, we will credit or debit interest to your account. The amount we credit (or debit) will depend on the Cap and Floor for your investment option and the performance of that investment option. Your interest may be positive, negative or nil. The annual product fee is also deducted and tax is applied at the relevant rate.*

If the annual index return is positive on the Anniversary Date, your interest will be positive and up to a maximum limit based on the applicable Cap.

If the annual index return is negative on the Anniversary Date, your interest will be negative, but limited to the Floor you have selected.

If the annual index return on the Anniversary Date is flat or negative, and you have selected a 0% Floor option, your interest will be nil.

The value of your investment is likely to change from year to year. The Caps and Floors together allow you to benefit from market growth up to your Cap while limiting losses resulting from market falls.

## Annual point-to-point crediting method

We use an annual point-to-point crediting method to determine how much interest we credit or debit to your account at each Anniversary Date. This means that we look at the overall change in the index between two points in time and not the index movements that occur during the year. The graph below shows how we determine the annual index return from your commencement/Anniversary Date to the next Anniversary Date.



### Annual point-to-point crediting

Refer to Glossary for definition.

The index level on a particular day will be:

- for the S&P/ASX 200 Total Return Index and S&P/ASX 200 Price Return Index, the index level at the close of trading for the Australian Securities Exchange on that particular day, and

- for the MSCI World Net in AUD Index, the closing value from the previous trading day for that index.

If that particular day is not a Sydney business day, we will deem that “particular day” to have occurred on the previous Sydney business day in order to work out the applicable index level.

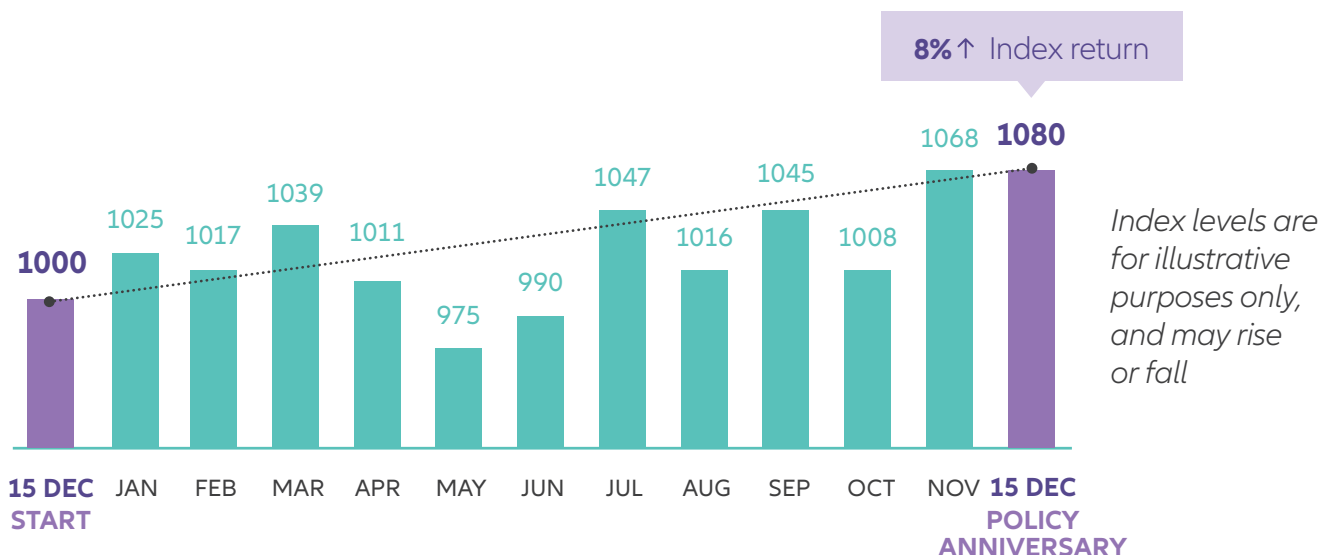
For example, if Patricia’s Anniversary Date (the “particular day”) was a Saturday, then we will deem the “particular day” to be the Friday (being the previous Sydney business day). The S&P/ASX 200 Total Return Index will be the closing index level on the Friday and the MSCI World Net in AUD Index will be the closing index level for that index on the Thursday (being the previous trading day for that index).

The interest rate that is used will depend on the annual percentage change of the index and the Cap and Floor you have chosen, and is applied to your Asset Value at the Anniversary Date.



## POINT-TO-POINT CREDITING

Index change from one anniversary to the next is tracked



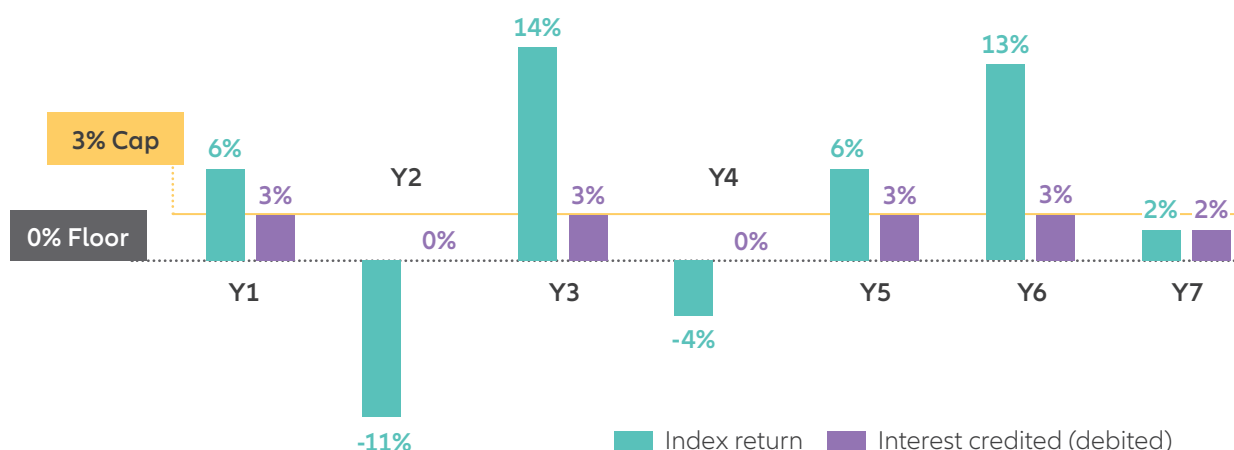


## HOW CAPS & FLOORS WORK

If index return is greater than Cap	Cap is applied
If index return is between Cap & Floor	Actual index return is applied
If index return is lower than Floor	Floor is applied

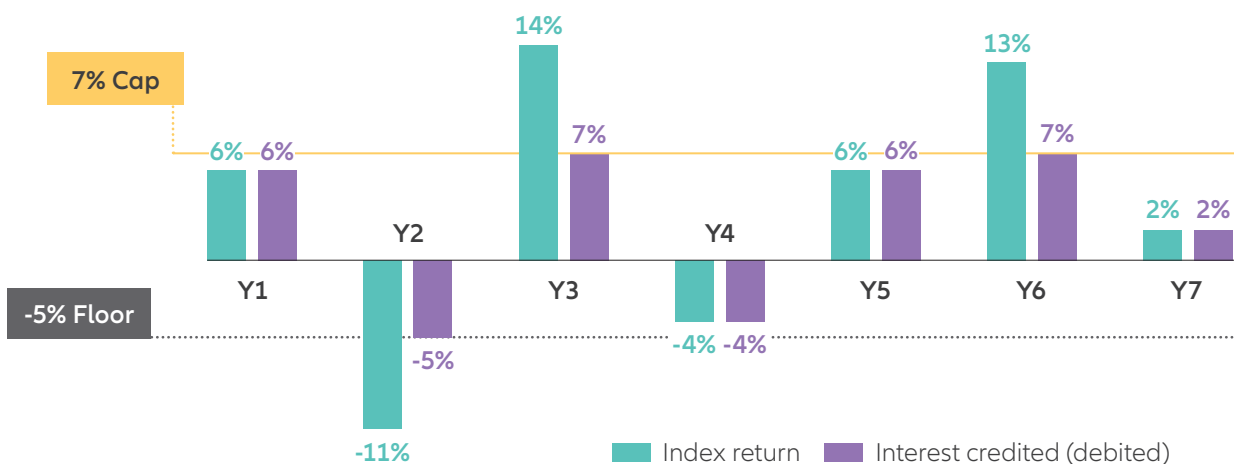
### EXAMPLE 1

**0% Floor** (Caps are illustrative only and will change over the Duration of your policy)



### EXAMPLE 2

**-5% Floor** (Caps are illustrative only and will change over the Duration of your policy)



Index levels are for illustrative purposes only and will change over the Duration of your policy. Interest credited to your account is before the deduction of the annual product fee and any applicable taxes.

## How the Fixed Rate affects the value of your investment

At each Anniversary Date we will credit or debit interest to your account. If you have selected the Fixed Rate option, we will apply the relevant rate to your Asset Value to determine the interest to credit.

## Annual election process

You can only make changes to your protection and investment options at each annual Anniversary Date of your policy.

We will contact you approximately 45 days before each Anniversary Date to outline your options. You should check the relevant Caps

for each investment option and the Fixed Rate to determine which protection and investment options are right for you. If you would like to change your protection and/or investment options, you should discuss this with your financial adviser.

Details of what happens at the end of your selected Investment Interval are on [page 40](#).

The relevant Caps and Fixed Rate that will be applied to your policy at your Anniversary Date will be the Caps and Fixed Rate at that date, and may be different to the Caps and Fixed Rate that were applicable prior to your Anniversary Date.

You can notify us of your changes by calling us, or completing the Anniversary Election form and sending it to us.

We will need to receive your instructions by 3pm on the last Sydney business day before your Anniversary Date for the changes to take effect.

If you do not make an election in any one year, your investment and protection elections will revert to your most recent election and the relevant Caps and Fixed Rate will be applied to your protection and investment options for the next year.

For information on the Caps for each of the investment options and the Fixed Rate visit [www.allianzretireplus.com.au/future-safe/features.html](http://www.allianzretireplus.com.au/future-safe/features.html), or call us or your financial adviser.



\* Details for the end of your selected Investment Interval are on [page 40](#).

## SUMMARY OF FEES AND OTHER COSTS

We wanted to summarise in one place all the actual and potential fees and costs you might incur over the life of your Future Safe policy.

Our fees and costs	Other fees and costs
<p><b>1. Annual Product Fee</b></p> <p>This is the amount that is deducted from your account on each Anniversary Date. It is 0.80% pa (inclusive of GST, if any) and will reduce your Account Balance. See below for more details on how it is calculated.</p>	<p><b>1. Adviser services fees</b></p> <p>These fees are optional and are payments negotiated between you and your financial adviser for the services they provide to you. Adviser service fees are not our fees, however, we can facilitate the payment to your adviser from your investment where you authorise us to. See <a href="#">page 38</a> for more details.</p>
<p><b>2. Fees on withdrawal</b></p> <p>This is an amount that will be payable ONLY if you withdraw more than your Free Withdrawal Amount in any one year, or if you end your policy on a date that is not the date of the end of an Investment Interval. See <a href="#">page 33</a> for more details on how it is calculated.</p>	
<p><b>3. Retained yield</b></p> <p>This is the amount we may retain on the return generated by the portfolio of the assets in the statutory fund, and is not deducted from your account. The maximum amount that we will retain in any one year is 1%. The impact of the retained yield is reflected in the Fixed Rate and Caps that we offer to you. You can find more information on <a href="#">page 20</a> under the "How we make money" section, and on our Website.</p>	<p><b>2. Stamp duty</b>, where applicable. See <a href="#">page 50</a>.</p>

## Annual product fee

 **0.80% pa** (inclusive of GST, if any)

### HOW THE ANNUAL PRODUCT FEE IS CALCULATED

Christine's opening Account Balance on 1 July 2020 was \$950,000. She had no withdrawals or payments out of her policy during the year.

Her annual product fee would have been (0.80% of the opening balance)  
 $0.80\% \times \$950,000 = \mathbf{\$7,600}$

\$7,600 will be deducted from her account at the policy Anniversary Date.

The annual product fee is the same for the different protection and investment options, or any combination of protection and investment options you choose. The fee is calculated daily based on your Asset Value (which includes withdrawals/payments made during the year and any associated interest credited or debited). We deduct the annual product fee at each Anniversary Date.

Where a full withdrawal is made before the end of the current Investment Interval or due to death, the annual product fee will be pro-rated based on the proportion of the year that has elapsed up to the date of the withdrawal.

Note: Some calculations may not be exact due to rounding.

Where an election is made to start a new Investment Interval after you have been invested in the cash investment option, the annual product fee will be pro-rated based on the proportion of the year that has elapsed up to the date of commencement of the new Investment Interval.

## Making withdrawals



*You are able to access your funds through regular or ad hoc withdrawals to suit your needs.*



**Regular  
withdrawals**



**Ad hoc  
withdrawals**

*If you have rolled over super money, you are required to withdraw a minimum income stream (refer to [page 36](#)).*

*If you have not rolled over super money, you do not need to make any withdrawals from your account and can leave the money invested with exposure to the market.*



***Future Safe includes a Free Withdrawal Amount which sets the amount that can be withdrawn free of charge.***

Amounts above the Free Withdrawal Amount will incur a Market Value Adjustment (MVA) charge.

All withdrawals will be paid out of your chosen investment options in the same proportion that have been invested in them as at your

Commencement Date (in your first year) or most recent Anniversary Date. Interest will be credited or debited to your account on each withdrawal. Withdrawals will also be taken into account in calculating the annual interest credited to or debited from your account.

## Types of payments

### Free Withdrawal Amount

For a policy bought by an individual with personal savings, or by companies or trusts (including an SMSF) the Free Withdrawal Amount in any one year is:

5% of your Account Balance at commencement of the Investment Interval <sup>1</sup>	In first year of any Investment Interval: Zero
	In subsequent years of any Investment Interval: Total interest credited or debited to your account during your last policy year (net of any applicable tax), where interest is greater than zero.

*1. Account Balance at commencement of the Investment Interval is your initial investment less any applicable taxes, stamp duty and upfront adviser service fee for the initial Investment Interval; and Account Balance at the start of each subsequent Investment Interval.*



For a policy bought by an individual using super, the Free Withdrawal Amount is the greater of:

**Minimum payment percentage**

requirements under superannuation laws<sup>2</sup>, or other amount as set out on our Website. This will not be lower than the minimum payment percentage requirements under superannuation laws.

2. Calculated on the Commencement Date and each Anniversary Date as an estimate of your minimum annual payment amount to the next Anniversary Date (see page 36). If your minimum payment amount changes before your next Anniversary Date, your Free Withdrawal Amount may change when your minimum payment amount changes.

and

<b>5% of your Account Balance at commencement of the Investment Interval<sup>3</sup></b>	<b>In first year of any Investment Interval:</b> Zero
	<b>Subsequent years of any Investment Interval:</b> Total interest credited to your account during your last policy year (net of any applicable tax), where interest is greater than zero.

3. Account Balance at commencement of the Investment Interval is your initial investment less any applicable taxes, stamp duty and upfront adviser service fee for the first Investment Interval; and Account Balance at the start of each subsequent Investment Interval.

Each time you make a withdrawal (whether a regular payment, ad hoc payment or ongoing adviser service fee), the Free Withdrawal Amount available to you for that year will be reduced by the amount of the payment.

The Free Withdrawal Amount resets on each Anniversary Date and any unused portion of your Free Withdrawal Amount does not carry forward to the following year.

**EXAMPLE**

Christine has invested \$950,000.  
She has chosen the -10% Floor option.

YEAR 2	
Index return*	19%
Cap*	16%
Return	16%
Opening balance at year 2	1,040,000
Interest credited	166,400
Annual product fee	(8,320)
Tax at 30%	(47,424)
Closing Account Balance	\$1,150,656

**FREE WITHDRAWAL AMOUNT FOR YEAR 3**

Interest credited at end of year 2 net of tax	118,976
5% of Account Balance at commencement of the Investment Interval	47,500
Total Free Withdrawal available	<b>\$166,476</b>

\* The Cap and index return are illustrative only. The calculation assumes that tax of 30% was applicable.

In year 1, since she won't have had any interest credited to her account, her Free Withdrawal Amount will be equal to 5% of her Account Balance at commencement.

Note: Some calculations may not be exact due to rounding.

## Market Value Adjustment (MVA)

Withdrawals greater than the Free Withdrawal Amount will attract an MVA charge. As Future Safe is designed to be held for at least the full Investment Interval, we invest in a range of assets that reflect this duration. Where there are unexpected withdrawals, we may incur a loss in selling some of these assets to fund the withdrawal, and as a result the MVA charge helps to offset these losses. Where the market loss recovery amount (see [page 33](#)) exceeds any losses incurred, these amounts are reinvested to help us offer the Caps and Fixed Rates that we do.

This means that if you decide to make a withdrawal before the end of any Investment Interval, the amount that you receive may be less than what you initially invested, even after taking into account payments already received and movements in the indices of the investment options you selected.

We will always ensure the withdrawal value is at least the minimum level prescribed under the Life Insurance Act 1995 (Cth) and APRA requirements.

## Daily Value Adjustment (DVA)

If you make withdrawals from your policy between Anniversary Dates, we need to calculate interest for the period from the

Commencement Date or last Anniversary Date (whichever is later) to the date of the payment made to you. To work out this interest, we calculate a DVA.

The DVA applies a pro-rata Cap based on the proportion of the year that has passed since the Commencement Date or your last Anniversary Date (whichever is later measured in days). If the relevant index has fallen, the full Floor still applies, irrespective of the proportion of the year that has passed.

The table below shows how the DVA impacts your Account Balance. In this example we have assumed a 7% Cap and a -5% Floor.

Tax is applied to a DVA that is debited or credited to your account during the year.

The Indicative Market Value may be used when communicating with you or your financial adviser. It uses the DVA applying the total annual Cap instead of a pro-rata cap to give an indication of the Account Balance assuming it was your Policy Anniversary. This value should not be interpreted as the amount you would receive if you withdrew your investment. The withdrawal value is detailed on [page 33](#) and is your Account Balance less MVA charge.

S&P/ASX 200 TOTAL RETURN INDEX YEAR TO DATE PERFORMANCE	NUMBER OF DAYS SINCE LAST ANNIVERSARY	PRO-RATA OF CAP (FULL YEAR CAP 7%)	DVA APPLIED TO BALANCE	BALANCE EXCLUDING DVA	BALANCE INCLUDING DVA (BEFORE THE PRODUCT FEE AND TAXES)
5%	90	1.73% (7% x 90/365)	1.73%	\$160,000	<b>\$162,762</b> (\$160,000 x 1.0173)

*Note: Some calculations may not be exact due to rounding.*

## CALCULATING YOUR FULL WITHDRAWAL VALUE WITH AN MVA CHARGE

The calculation of the MVA charge can be quite technical, but we have provided the formula and an example if you are interested in the details. The calculation of the MVA charge comprises 2 components:

The MVA charge	
Market loss recovery amount to reflect losses that we may incur in having to sell some of the assets that we have invested in to fund the withdrawal.	An early withdrawal fee that reduces over time as the policy approaches year 7.
+	
CALCULATED AS	
<p><b>Market loss recovery amount =</b> Amount withdrawn in excess of Free Withdrawal Amount x Market Recovery Factor (MRF)</p> <p><b>Where MRF =</b></p> $\left[ 1 - \left( \frac{1 + \text{initial reference rate}^1}{1 + \text{current reference rate}^1} \right)^n \right] \times \frac{1}{(1-t)}$ <p>n = remaining years of your current Investment Interval (including partial years) t = tax rate applicable to your policy<sup>2,3</sup></p> <p>The market loss recovery amount can never be less than 0.</p>	<p><b>Early withdrawal fee =</b></p> $6.5\% \times \frac{m}{7} \times \frac{\text{Amount withdrawn in excess of Free Withdrawal Amount}}{\text{Free Withdrawal Amount}} \times \frac{1}{(1-t)}$ <p>m = remaining years to 7th policy anniversary (including partial years) t = tax rate applicable to your policy<sup>2,3</sup></p> <p><b>The early withdrawal fee is only applicable for the first 7 years of your policy regardless of which Investment Interval is selected.</b></p>
+	
<b>Full withdrawal value = Account Balance – MVA charge</b>	

1. The reference rate is the Bloomberg Ausbond Credit 0+ Year Index: Yield.  
The initial reference rate is measured at the commencement date of your current Investment Interval.
2. See [pages 46 and 47](#) for more information.
3. We will credit a tax benefit on the MVA amount at the tax rate applicable to your policy.

Note: Some calculations may not be exact due to rounding.

## IMPACT OF MOVEMENT IN THE REFERENCE RATE ON THE WITHDRAWAL VALUE

The table shows how the MVA charge impacts the withdrawal value for \$100,000 based on different movements in the reference rate for a 10 year Investment Interval.

The MVA charge reduces over time as you approach the end of an Investment Interval.

### WITHDRAWAL VALUE BASED ON CHANGES TO REFERENCE RATES SINCE INCEPTION

End of year	Account Balance	-2%	-1%	0%	1%	2%
1	100,000	94,707	94,707	94,707	86,721	79,474
2	100,000	95,589	95,589	95,589	88,457	81,921
3	100,000	96,471	96,471	96,471	90,200	84,398
4	100,000	97,354	97,354	97,354	91,952	86,906
5	100,000	98,236	98,236	98,236	93,713	89,446
6	100,000	99,118	99,118	99,118	95,482	92,018
7	100,000	100,000	100,000	100,000	97,260	94,624
8	100,000	100,000	100,000	100,000	98,164	96,381
9	100,000	100,000	100,000	100,000	99,078	98,173
10	100,000	100,000	100,000	100,000	100,000	100,000

*Assumptions: 5% of Account Balance at commencement available as a Free Withdrawal Amount, no interest credited and no payments made, 2% initial reference rate and a tax rate of 0%.*



## EXAMPLE

Patricia's initial investment was \$150,000, and she did not pay any adviser service fees. She retires at the end of year 5 and has an Account Balance of \$160,000. As she has retired and is over 60, tax no longer applies.

### Full withdrawal

90 days into year 6, she decided to make a full withdrawal. We have assumed that her Free Withdrawal Amount (FWA) at the time of withdrawal is \$7,500. Her withdrawal value will be calculated as shown below.

#### STEP 1

Calculate the DVA at the time of withdrawal. Her DVA is \$2,762 (refer to calculation on page 32). The pro-rated annual product fee that will be deducted is:

$$\text{\$316} \left( \$160,000 \times 0.80\% \times \frac{90}{365} \right)$$

Her Account Balance used to determine her withdrawal value is **\\$162,446** (\$160,000 + \$2,762 - \$316)

#### STEP 2

Calculate the market recovery factor to be applied to the amount in excess of the remaining FWA.

Amount in excess of FWA  
\$162,446 - \$7,500 = **\\$154,946**

Assuming a reference rate at her policy Commencement Date of 1.75% and a current reference rate of 2.5%:

$$=\$154,946 \times \left( 1 - \left( \frac{1 + .0175}{1 + .025} \right)^{1.75} \right) \times \frac{1}{(1-0\%)}$$

$$= \$154,946 \times 1.28\%$$

$$= \text{\$1,982}$$

The market loss recovery amount is **\\$1,982**.

#### STEP 3

Calculate the early withdrawal fee:

$$6.5\% \times \frac{1.75}{7} \times \$154,946 \times \frac{1}{(1-0\%)} = \text{\$2,523}$$

Her MVA Charge is **\\$4,505** (\$1,982 + \$2,523)

Her withdrawal value is **\\$157,941**  
(\$162,446 - \$4,505)

### Partial withdrawal

If Patricia requests to withdraw \$30,000, including her MVA charge, the calculation is as follows:

**\\$22,500** (\$30,000 - \$7,500) is subject to a market loss recovery factor:

$$\$22,500 \times \left( 1 - \left( \frac{1 + .0175}{1 + .025} \right)^{1.75} \right) \times \frac{1}{(1-0\%)} = \text{\$288}$$

The early withdrawal fee is calculated as follows:

$$6.5\% \times \frac{1.75}{7} \times \$22,500 \times \frac{1}{(1-0\%)} = \text{\$366}$$

Therefore, her MVA charge is **\\$654** (\$288 + \$366) and she receives \$29,346 (\$30,000 - \$654).

Patricia has a 0% tax rate so there is no tax benefit available for the MVA charge.

Note: Some calculations may not be exact due to rounding.

## Regular withdrawals

### ***Invested with individual super money***

Future Safe provides an income stream which may be up to the Free Withdrawal Amount. If you are using super money to invest, then under superannuation laws we are required to pay you a minimum annual amount of income. That amount will form part of your Free Withdrawal Amount. This payment may be subject to withholding taxes (if applicable).

The minimum annual payment requirements are based on a percentage of your Account Balance at commencement in the first financial year, or the Asset Value at each subsequent 1 July. The percentage is age based as per the super laws and is set out on our Website **and may change from time to time.**



#### **Asset Value**

*Refer to Glossary for definition.*

If your minimum income stream is less than your Free Withdrawal Amount, you can increase your income stream up to that amount. However, if you have a transition to retirement income stream and your Free Withdrawal Amount exceeds the maximum amount of income stream that you can be paid, you can only increase your income up to that maximum amount. That maximum amount is, in a financial year, 10% of your Asset Value at 1st July of that year (or the Commencement Date of the policy if the policy commenced in that financial year) unless you have satisfied a condition of release with a nil cashing restriction in which case no maximum amount is applied.

Amounts withdrawn that are above the Free Withdrawal Amount will attract an MVA charge.

You can choose to have these regular withdrawals made:

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

If you do not make an election, we will pay you yearly. All payments will be deducted proportionally from your chosen investment options.

If you have not been paid your minimum payment amount during a financial year (e.g. you have changed your payment frequency), we may make a one-off payment from your policy prior to the end of the financial year to ensure that you have met the superannuation minimum payment requirements. The one-off payment will not attract an MVA charge.

### ***Invested with personal savings or through an SMSF***

Investors who have invested with non - superannuation money (such as personal savings), or through an SMSF, can also choose to set up regular withdrawals and have them paid monthly, quarterly, half-yearly or yearly. You can change the frequency of your payments or stop them at any time by notifying us. The Free Withdrawal Amount that will apply is on [page 30](#).

### ***For all payments***

If a payment falls due on a weekend or a public holiday, we will make your payment on the next Sydney business day.

Once we have processed your withdrawal and made payment, it could take up to 3 business days for the payment to show in your bank account.

## Ad hoc lump sum withdrawals

You can request a one off ad hoc lump sum payment at any stage, but special rules apply to super money ([page 37](#)). It will generally be processed in the next 2 Sydney business days.

Once we have processed your withdrawal and made payment, it could take up to 3 business days for the payment to show in your bank account.

Any ad hoc payment will first be an income stream payment and use the Free Withdrawal Amount available, and any amount in excess of your Free Withdrawal Amount will be a lump sum payment subject to an MVA charge.

## Lump sum withdrawals and super

Special rules apply under superannuation laws when you make a lump sum withdrawal.

### Retirement income stream

If you have invested with unrestricted, non- preserved superannuation money to purchase Future Safe, this cannot be commuted for a lump sum payment unless at least one of the following conditions apply:

- for a partial withdrawal – the Account Balance immediately after the commutation is at least the amount required to satisfy any remaining minimum payment required under super laws to be paid in that financial year. We may make an additional income payment to ensure the minimum payment has been paid before a partial lump sum withdrawal.
- for a full withdrawal – you have been paid at least the minimum payment required under super laws (calculated on a pro-rata basis) for that financial year. We will ensure we make this payment to you before any lump sum withdrawal is processed.



#### **Account Balance**

*Refer to Glossary for definition.*

### Transition to retirement income stream

If you have invested superannuation money and are still working (i.e. you are being paid a transition to retirement income stream) certain conditions apply to lump sum withdrawals.

You cannot make a lump sum withdrawal unless at least one of the following conditions apply:

- you have satisfied a condition of release with a nil cashing restriction (see below)
- it is to pay a superannuation surcharge
- it is to give effect to an entitlement of a spouse under a family law splitting order or agreement
- it is to give effect to certain release authorities given by the Australian Taxation Office (ATO).

These conditions of release with a nil cashing restriction are:

- reaching the age of 65
- retirement
- death
- suffering from a terminal medical condition or permanent incapacity.

**== See the definition for conditions of release in the Glossary for the meaning of:**

- retirement
- terminal medical condition
- permanent incapacity

## Requesting a withdrawal



If you would like to make a withdrawal or obtain a withdrawal value quote, contact your financial adviser or call us on [1300 371 136](tel:1300371136), between 8.30am and 5.30pm (AET), Monday to Friday. You can also request a one off withdrawal by completing a Withdrawal Form. Generally, we will process your request in the next 2 Sydney business days.

Once we have processed your withdrawal and made payment, it could take up to 3 business days for the payment to show in your bank account.

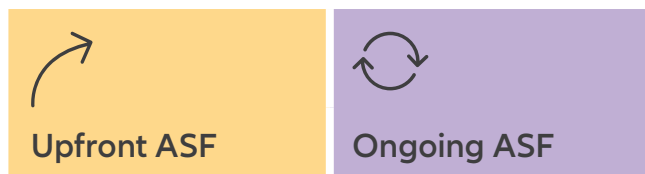
## Adviser Service Fees



*You may agree with your financial adviser that you will pay them for the services they have provided to you. This is known as an adviser service fee (ASF).*

The ASF is optional and is negotiated by you and your financial adviser. It is not our fee. We will only pay the ASF where you direct and authorise us to make the payment. Please note that authorisations will be revoked should we receive notification of such revocation from you or of the death of the Policy Owner. Your financial adviser is responsible for ensuring that they are able to set up an ASF with you.

There are two types of ASFs:



All upfront and ongoing ASFs are paid to the Australian financial services licensee that has authorised your financial adviser to provide the financial advice to you in accordance with the arrangements you have with that licensee.

### Upfront ASF

This is a one-off amount that can be paid as a flat dollar figure or percentage of the initial investment.

#### ***Paid when***

It is deducted from your initial Investment Amount and will not form part of the opening amount of your Account Balance at the commencement of your policy. It will therefore reduce the amount available for your Account Balance at commencement, which is used to calculate your Free Withdrawal Amount and super minimum payments (where relevant).

It will not count towards your super minimum payments nor is it counted towards your Free Withdrawal Amount.

#### ***Changes to the fees***

Generally this fee is non-refundable after the end of the cooling off period.

#### ***Example***

Investment: \$100,000

Upfront ASF: 1%

The ASF will be calculated as

= 1% x \$100,000

= \$1,000

Opening balance is \$99,000

### Ongoing ASF

This is an ongoing fee that can be paid as a flat dollar figure or percentage of your Account Balance at the commencement or most recent Anniversary Date (whichever is later).

#### ***Paid when***

It is deducted from your account on a quarterly basis and acts like any other payment. The payment will be net of any withholding tax (if applicable). It will reduce the Free Withdrawal Amount available to you and will attract the MVA charge if it exceeds the Free Withdrawal Amount. It does count towards your super minimum payments.

#### ***Changes to the fees***

At each Anniversary Date, we will require you to provide us with the authority to deduct the ongoing ASF. If you do not provide that authority or we do not hear from you, we will cease the payment of the ongoing ASF. You can also start, cancel or change the amount of the ongoing ASF at any time. The fee will cease to be paid, for example, if the ownership changes (e.g. where there is a death), or if there are insufficient funds to cover it. We will notify you if this occurs.



For a joint policy, where one person dies and there is a surviving joint policy owner, the ongoing ASF will continue unless we are advised otherwise.

**Example**

Investment: \$100,000

Ongoing ASF: 1% pa

Assuming no other withdrawals or payments

In year 1, \$250 is deducted each quarter  
 $(1\% \times \$100,000) / 4$

At the end of year 1, if your Account Balance is \$110,000, then in year 2, \$275 is deducted each quarter

$(1\% \times \$110,000) / 4$

Any ongoing ASF will reduce the available Free Withdrawal Amount and also counts towards the super minimum payments that we may need to pay to you as shown in the example.

**EXAMPLE**

Patricia has invested using her super of \$150,000. She has negotiated with her adviser an upfront ASF of \$5,000, and an ongoing ASF of \$2,000 pa.

She sets up a regular payment for the minimum requirement of 5% p.a.

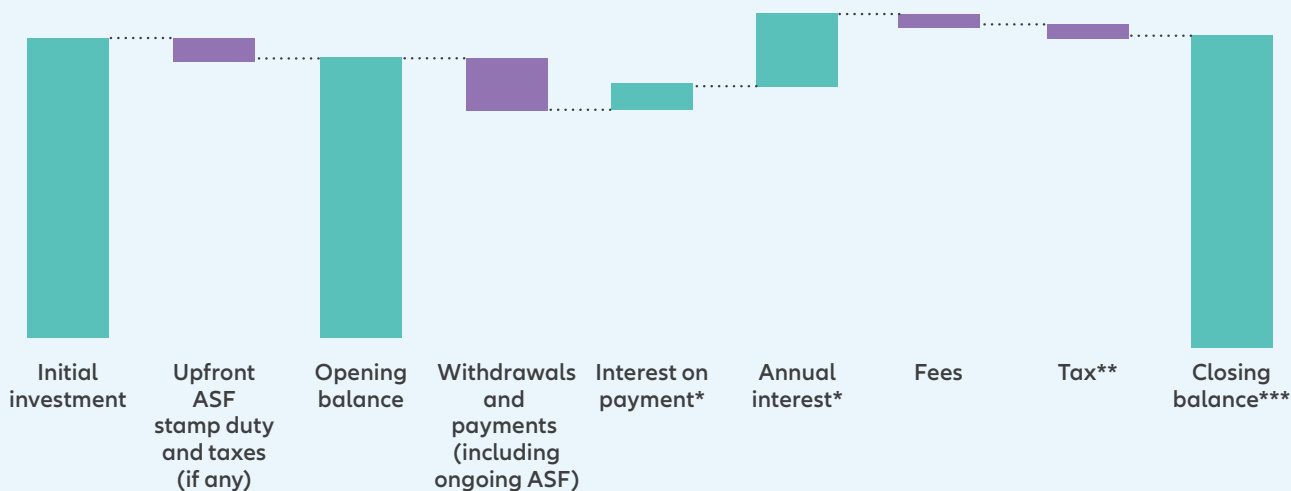
Her Account Balance at commencement is \$145,000 (i.e. \$150,000 – \$5,000)

In year 1, her Free Withdrawal Amount is  
 $= 5\% \times \$145,000$   
 $= \$7,250$

As Patricia has agreed to pay an ongoing ASF payment of \$2,000 paid to her adviser the final payment she will receive will be \$5,250. This is equal to the total Free Withdrawal Amount less the ongoing ASF (\$7,250 less \$2,000). She will have met the minimum payment requirements for the year.

## How your Account Balance moves

*These levels are for  
illustrative purposes only*



Each year your account will:

- Reduce by any withdrawals you make (including ongoing ASF) throughout the year
- Increase/reduce by any interest credited/debited on withdrawals.

On your Anniversary Date your account will:

- Increase/reduce by any interest earned/deducted
- Reduce by any tax payable on interest credited/debited, net of fees, during the year
- Reduce by the annual product fee.

\* Interest may also be negative, except for the Fixed Rate option or if a 0% Floor applies.

\*\* Tax may also be positive if investment earnings are negative.

\*\*\* Closing balance may be lower than the opening balance.

## What happens at the end of an Investment Interval



*Approximately 45 days prior to the end of any Investment Interval, we will notify you of your options and ask you to make a selection.*

You can apply to remain invested and select an additional Investment Interval from the options available at that time. You must meet the eligibility criteria at that time including those for age and investment amount.

You can also withdraw some or all of your Account Balance with no MVA charge at the end of the Investment Interval.

If we do not make any Investment Intervals available then your policy will terminate.

### ***If you decide to withdraw any portion***

we will process your payment on the first Sydney business day after the end of the Investment Interval.

### ***If we don't receive your instructions***

by 3pm on the last Sydney business day before the end of the Investment Interval your policy will continue and will be invested in a cash

investment option which earns interest at the Prevailing Rate as detailed on our Website until we receive an alternative instruction from you. The annual product fee will continue to be charged as described on [page 29](#).

This interest will be paid on the date that you move out of the cash investment option as a result of withdrawal or selecting a new Investment Interval. The interest will be based on the number of days you have been in this option.

If you are an individual and are older than age 80 at the end of the Investment Interval, or the life insured is over age 80 at the end of the Investment Interval, then you cannot select a new Investment Interval and you must take a full withdrawal.

If you have not selected and renewed your Investment Interval, or requested a withdrawal, within one year of the anniversary date of the end of your last Investment Interval, you will receive your full withdrawal value and your Policy will end.

### 45 days prior to the end of the Investment Interval:

Receive a  
notification  
approximately  
45 days prior  
to the end of  
your Investment  
Interval



Select an additional  
Investment Interval from  
the options available at  
that time



Choose your  
protection and  
Investment options



OR

You can also withdraw some or all  
of your Account Balance with no  
MVA charge



### If we don't receive your instructions:

Your policy will continue and will be invested in a  
cash investment option which earns interest at the  
Prevailing Rate



# IN CASE OF DEATH





You can choose who will receive the remaining benefits of your policy if you die.

## Electing beneficiaries and lives insured

### Individuals and joint policy owners

If you purchase the policy as an individual or as joint owners, you can elect a beneficiary who will receive the remaining benefits of your policy if you, or the last surviving joint owner, die.




There are 2 types of beneficiaries – reversionary and nominated. Superannuation policies can have either a nominated beneficiary or a reversionary beneficiary, but not both.

	Reversionary beneficiary	Nominated beneficiary
 Source of investment	Super only	Super or personal savings
 Applies to Investor type	Individual	Individual or Joint
 How many beneficiaries can be elected	One When investing with super the person must be a dependant at the time of death, otherwise a lump sum payment will be made to the legal personal representative of the deceased. A reversionary beneficiary may not be a child of the Policy Owner.	Multiple When investing with super the person/s must be a dependant at the time of death, otherwise the beneficiary's share will be paid to the legal personal representative of the deceased.
 Updating beneficiaries	You can elect one at the commencement of the policy  After the policy has commenced, you can remove a beneficiary but cannot change or add a beneficiary.	You can add, change or remove beneficiaries at any time.



## Companies and trustees

Companies and trustees do not have the option of electing a beneficiary on their policy. However, they may select up to two lives insured so that a death benefit may be payable on the death of the last surviving life insured.

	Applies to Investor type	Company, self-managed super fund, unregulated trust.
	How many lives insured can be elected	Up to two, aged 18 to 80 years of age. The maximum age for the 10 year Investment Interval is 77. The maximum age applies at the start of each Investment Interval.
	Updating lives insured	After the policy has commenced, a company or trustee can remove a life insured but cannot add or change a life insured.

How an investment is treated after the death of a policy owner depends on a few factors.

## In case of death

### Individuals and joint policy owners

How an investment is treated after the death of a policy owner depends on:

- the type of owner
- whether your investment was purchased with personal savings or super money
- the type of beneficiary (if applicable).

The table below outlines the various options on death of an individual or joint policy owner.

	Super money	Personal savings
Surviving joint policy owner	Not applicable	<p>Ownership transfers fully to the surviving joint owner.</p> <p>If there is no surviving joint owner, ownership transfers to either the:</p> <ul style="list-style-type: none"> <li>• <b>Nominated beneficiary</b> who can choose to continue with the policy or receive a lump sum; or</li> <li>• <b>Legal personal representative</b> of the last surviving joint owner (in the absence of a nominated beneficiary) who receives a lump sum.</li> </ul>

	<b>Super money</b>	<b>Personal savings</b>
<b>Nominated beneficiary</b>	<p>Can choose to continue with the policy or receive a lump sum.</p> <p>Where there are multiple beneficiaries, each beneficiary will receive their proportion of the original policy as specified by the deceased policy owner and they can either elect to continue with the relevant percentage of the policy or receive a lump sum pay out.</p> <p>If the policy is continued:</p> <ul style="list-style-type: none"> <li>• the terms of the policy will be as if it is a continuation of the deceased's policy; and</li> <li>• on the death of the nominated beneficiary, a lump sum will be paid to the legal personal representative of the nominated beneficiary.</li> </ul>	<p>Can choose to continue with the policy or receive a lump sum.</p> <p>Where there are multiple beneficiaries, each beneficiary will receive their proportion of the original policy as specified by the deceased policy owner and they can either elect to continue with the relevant percentage of the policy or receive a lump sum pay out.</p> <p>If the policy is continued:</p> <ul style="list-style-type: none"> <li>• the terms of the policy will be as if it is a continuation of the deceased's policy; and</li> <li>• on the death of the nominated beneficiary a lump sum will be paid to the legal personal representative of the nominated beneficiary.</li> </ul>
<b>Reversionary beneficiary</b>	<p>Can choose to continue with the policy or receive a lump sum.</p> <p>If the policy is continued, on the death of the reversionary beneficiary the lump sum will be paid to the legal personal representative of the reversionary beneficiary.</p>	<b>Not applicable</b>
<b>Legal personal representative</b>	<b>Receives a lump sum</b>	<b>Receives a lump sum</b>

### **Beneficiaries and super**

Special rules apply to beneficiaries for policies purchased with superannuation money.

The beneficiary can choose to continue with the policy or receive a lump sum should you die during the term of your policy, provided they are a dependant at the time of your death unless they are a child of the deceased.

Only a dependant can be a beneficiary. A dependant has a specific meaning for legal purposes, and includes:

- your spouse (including de facto or same sex spouse)
- someone who is financially dependent on you
- someone who is in an interdependency relationship with you
- your child (including an adopted child, step child or a child of your spouse).

If the beneficiary is not a dependant at the time of death, then their designated share will be paid as a lump sum to the legal personal representative of the deceased policy owner.

Your children, irrespective of age will be required to take a lump sum.

### **Children under 18**

Children under 18 will be required to take a lump sum paid to their parent/guardian for their benefit or into a trust for them.

### **Companies and trustees**

For companies and trustees, the policy owner can elect to receive a lump sum or continue with the policy on the death of the life insured under the policy or where there are two lives insured, the last surviving life insured.

### **Calculating the withdrawal value on death**

If you die during the term of your policy, and a lump sum is paid, we will pay the Account Balance, without applying any MVA charge.

# TAX AND SOCIAL SECURITY

The tax and social security information contained in this PDS sets out our understanding of the current tax and social security legislation as at the date of this document.

The tax and social security legislation and its interpretation could change in future and this information can be complex and technical. The tax and social security information set out below is only intended to be general in nature and does not constitute tax or social security advice. We recommend that you seek specific tax and social security advice on your personal circumstances from a qualified tax adviser before investing.

## Tax paid investment

AALIL pays the income tax on the investment earnings net of fees within the policy. The rate of tax paid by AALIL depends on the type of policy owner. Any returns credited or debited to you will be net of tax at the relevant rate. Unlike investing directly in the sharemarket, the nature of the underlying investments mean that the returns do not receive a capital gains discount or franking credits. In relation to the policy owner, whilst returns are credited or debited to you over the Duration of the policy, no further income tax may be payable by you until there is a withdrawal or payment from your policy.

Switches between investment options within the policy do not trigger a tax liability for investors.

Depending upon the circumstances of the policy owner, a policy owner may receive a tax rebate for the tax paid by AALIL on the assessable income component of the amount paid to you. Where your account has experienced negative investment earnings, a corresponding tax benefit may be credited to your account. The rate of this benefit will generally be consistent with the rate applicable

to gains, however may be lower where the full benefit may not be able to be realised by AALIL.

## Individual policies bought with super

Generally, there should be no tax payable when you purchase the policy using your rollover superannuation benefits. However, if there is any untaxed component of the taxable element of the money you rollover to us, we will deduct 15% tax and send it to the ATO. If you are using your rollover superannuation benefits, you must purchase Future Safe as a transition to retirement income stream or a retirement phase superannuation income stream (depending on your circumstances).

Earnings net of fees are taxed at 15% within a transition to retirement income stream policy, and 0% once the owner retires or reaches age 65.

Please notify us if you retire before reaching age 65. Where the policy has been purchased as a retirement phase superannuation income stream earnings are taxed at 0% where your benefits are within the transfer balance cap.

Depending on your age, superannuation income stream benefit payments may be subject to tax. Where required we will withhold PAYG and send this to the ATO. The requirements for taxing superannuation income streams are as follows:

- if you are over 60 any payments are tax free
- if you are under 60:
  - the tax free component will be tax free
  - the taxable component will be taxed at



your marginal rates plus Medicare Levy, but, if you have reached preservation age or receive a disability superannuation income stream you will be eligible for a 15% tax offset.



**Preservation age**

*Refer to Glossary for definition.*



**Disability superannuation income stream**

*Refer to Glossary for definition.*

Superannuation lump sum payments from the policy may also be taxed depending on your age. Where required we will withhold PAYG and send this to the ATO. The requirements for taxing superannuation lump sum payments are as follows:

- if you are over 60 any payments are tax free
- if you are under 60:
  - the tax free component will be tax free
  - if you are under the preservation age, any taxable component will be taxed and you will be able to claim a tax offset to ensure that the rate of tax does not exceed 20% plus Medicare Levy
  - if you are over the preservation age, any taxable component will be taxed and you will be able to claim a tax offset to ensure that the rate of tax does not exceed 0% up to the low rate cap and 15% plus Medicare Levy on the excess (if any).

**TFN and super**

It is not an offence to not quote your TFN. If you choose not to give us your TFN or a TFN exemption, we will be required to deduct withholding tax at the top marginal tax rate (including any applicable levies and charges) from the taxable component.

For more information, please refer to the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

## **Policies bought by an SMSF trustee**

Tax on earnings for a policy held by a trustee of an SMSF will depend on the types of liabilities the assets are supporting. If the assets are supporting:

- accumulation liabilities, earnings net of fees will be taxed at 15%
- transition to retirement income stream liabilities, earnings net of fees will be taxed at 15%
- retirement phase income stream liabilities, earnings will be tax free.

Payments made from the policy will not be taxable income for the superannuation fund.

You should notify us if the nature of the liability that the Future Safe policy is supporting changes.

## **Individuals investing with non-super money, companies and trustees (non SMSF)**

Where a policy is held by individuals outside of super, or by a company or trust, earnings net of fees will be taxed at 30% throughout the Duration of the policy. The tax is paid by us rather than by you at your personal marginal tax rate.

As we are the tax payer, you do not need to declare ongoing investment earnings as assessable income in your personal income tax provided you don't make any withdrawals within the first 10 years.

If you hold your investment for 10 years from the original investment date, there is no personal tax payable on any withdrawals after this time.

If you withdraw part or all of your investment within 10 years, some or all of the earnings component of your withdrawal may need to

be included in your personal income tax return and may be subject to tax.

At all times, the capital component of your withdrawal (i.e. what you have contributed) is free from personal income tax.

You will however, be eligible for a compensating tax offset for the tax that has already been paid by us (at the 30% tax rate). This means that, on withdrawal:

- if your marginal tax rate is more than 30%, you will not incur double the tax on your investment earnings, as you will only pay the difference between your marginal tax rate and the 30% tax already paid by us on the investment earnings component of your withdrawal
- if your marginal tax rate is less than 30%, you may end up reducing the tax you may need to pay on your other income for that year (due to the tax already paid by us) on the investment earnings component of your withdrawal.

If your marginal tax rate is lower than the 30% tax already paid and you do not absorb all of the 30% tax offset against your personal income tax liability on your Future Safe withdrawal, you can apply the tax offset against your other tax liabilities, such as income from wages/salary, capital gains or investment income. It is not refundable to the investor to the extent that the rebate is greater than the tax payable. Given this, investors should consider whether they will be able to take full

advantage of the rebate when the assessable profit is realised. If the corporate tax rate of AALIL is reduced, the rate of the offset may also reduce. If the investor is a trustee, the 30% rebate may be available to the beneficiaries where there is an assessable amount.

If the investor is a company, there should be no further tax payable due to the impact of the 30% rebate. However, a franking credit will not arise for the investor company for the tax paid by AALIL. This means that subsequent dividends paid to the shareholders of the investor company (referable to the return on the policy) may be unfranked. This should be considered by company investors prior to making the investment.

Tax treatment of investment earnings on withdrawal

<b>YEAR OF WITHDRAWAL</b>	<b>ASSESSABLE PORTION OF GROWTH</b>
First 8 years	<b>All</b>
During the 9th year	<b>2/3</b> (or approximately 66.6%)
During the 10th year	<b>1/3</b> (or approximately 33.3%)
After 10 years	<b>None</b>

EXAMPLE

John initially invested \$100,000 in Future Safe and after 8½ years (during the 9th policy year) requested to withdraw his investment. At this time, the value of his investment after MVA was \$145,000.

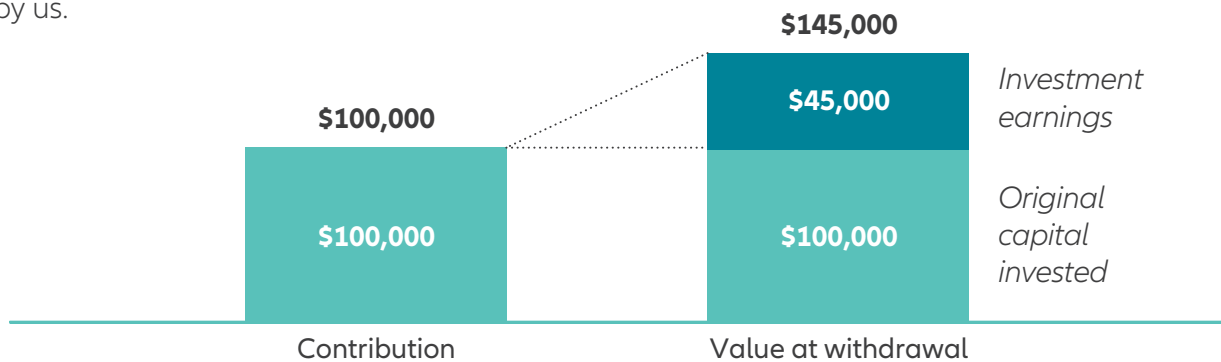
Although the surrender value after 8½ years was \$145,000, John will only have to declare as personal income, 2/3 of the investment earnings component of the total withdrawal. This equates to \$30,000 (2/3 of the \$45,000 investment earnings component). However, John will also receive a tax offset of \$9,000 (30% of \$30,000) for the tax already paid by us.

The money John originally contributed (the capital) is not assessable.

If John's tax rate is 47%, he will need to pay an additional 17% tax (47% marginal less the 30% offset) for the financial year in which he made the withdrawal.

Assessable gain	\$30,000
Tax owing at marginal rate of 47%	\$14,100
Tax offset at 30%	(\$9,000)
Net tax to be paid	\$5,100

Which equates to 17% of the assessable gain of \$30,000.



*This example assumes the full \$100,000 invested.*

How death benefits are taxed

Taxes payable in the event of death depend on whether you purchased Future Safe through super or outside super.

Policy bought with super money

Reversionary & nominated beneficiary

A lump sum death benefit paid to a tax dependant is tax free.

Where a lump sum death benefit is paid to a non tax dependant, there is no tax on the tax free component, the taxable component is assessable, and an offset may apply to ensure that the rate of tax does not exceed 15% plus Medicare Levy.

A superannuation income stream payment to a tax dependant over age 60 is tax free. It will also be tax free where the deceased policy owner was over age 60.

Where a superannuation income stream payment is made to a tax dependant under age 60 (and the policy owner died under age 60) there is no tax on the tax free component and the taxable component is assessable at marginal rates less a 15% offset.

Death benefits can be rolled over to another superannuation fund in certain circumstances, where this occurs tax is not imposed on the rollover.

### **Legal personal representative of the estate**

If the legal personal representative pays the benefits to a tax dependant, the benefits are tax free. If they pay the benefits to a non tax dependant, there is no tax on the tax free component, the taxable component is assessable, and an offset may apply to ensure that the rate of tax does not exceed 15% plus Medicare Levy.



#### **Tax dependant**

Refer to Glossary for definition.

### **Policy bought with personal savings**

The proceeds from a policy purchased with personal savings should be tax free on the death of the policy owner.

## **Stamp duty**

Stamp duty may be payable in some Australian states and territories to establish your policy.

We will deduct this from your initial investment. Stamp duty may also be payable if you decide to reinvest to commence a new policy. Please contact us to confirm the stamp duty that may be payable. We will advise you in your Opening Statement of any stamp duty cost incurred.

## **Social security**

For the purposes of determining your eligibility for the aged pension, generally your Account Balance will be counted as an asset under the assets test, and you will be deemed to receive income at the prescribed deeming rate under the income test. The treatment is set out in the table below. For further information about social security treatment of the policy please consult your financial adviser or Services Australia.

TYPE OF POLICY		INCOME TEST TREATMENT	ASSET TEST TREATMENT
<b>Non-super</b>		Deemed	Account Balance
<b>Super<sup>1</sup></b>	Retirement phase income stream	Deemed	Account Balance
	Transition to retirement	Deemed	Account Balance
<b>SMSF<sup>2</sup></b>	Accumulation phase (if the investor has reached pension age)	Deemed	Account Balance
	Accumulation phase (if the investor has not reached pension age)	Not assessed	Not assessed
	Transition to retirement	Deemed	Account Balance
	Retirement phase	Deemed	Account Balance



#### **Account Balance**

Refer to Glossary for definition.

1. This is an investment of individual superannuation money.

2. This assumes that, other than where a member is in the accumulation phase, the trustee uses the policy to fund the payment of a pension or transition to retirement income stream that complies with requirements under superannuation law.

# THINGS YOU SHOULD CONSIDER

As with any investment product, there are some risks you should consider before investing in Future Safe.

<b>Investment risk</b>	<p>If you elect to invest in an option with a market linked index, the value of your investment will rise and fall in line with the change in value of the selected index using point-to-point crediting subject to the Caps and Floors (see <a href="#">pages 25 and 26</a>). This means that your investment is exposed to the risks similar to investing in the sharemarket and you may incur a loss. This risk is mitigated through the selection of a Floor appropriate for your risk appetite.</p> <p>Your exposure to the risk of falls in the value of the selected index will not exceed the Floor you have chosen in any given year. In exchange for limiting your exposure to a market downturn, your exposure to increases in the value of the index will be capped. This means that any returns of the index above the selected Cap will not be reflected in the value of your investment.</p>
<b>Early withdrawal risk</b>	<p>We have designed Future Safe to be a long term investment. If you need to access your funds earlier than the end of any Investment Interval, your withdrawal may be subject to an MVA charge which reduces the amount returned to you on withdrawal. This could mean that the amount you get returned is less than the amount you initially invested.</p> <p>We allow for a Free Withdrawal Amount each year and the MVA charge will apply to any amounts above this. See how this works on <a href="#">pages 32 and 33</a>.</p>
<b>Cap and rate management risk</b>	<p>We reset the Caps and Fixed Rate on each Anniversary Date of your policy, so these may vary from year to year. This means that the Caps and Fixed Rate on your investment may change over the term of your investment and accordingly may be less or more than the level that previously applied. The options with more protection (e.g. 0% Floor) will see less movement in their Caps than the options with less protection.</p> <p>Our Caps and Fixed Rate setting process works on the basis that the rates we offer reflect our opinion of the yield which will be generated by the relevant assets of the statutory fund and which will be available to fund the Caps and Fixed Rate. We will take into account relevant circumstances and conditions affecting the performance of the statutory fund. These include the level of return available from investing the relevant assets of the statutory fund, policy owner behaviour relative to expectations, the price and availability of derivative instruments for the relevant indices and the timing of these factors. As noted on <a href="#">page 19</a> we invest in a fixed income portfolio including government and corporate bonds. There is a risk that these bonds will default on some or all of their obligations and this will have an impact on the Caps and Fixed Rates we are able to offer. The investment assets are professionally managed by PIMCO and we only purchase investment grade securities.</p>



<b>Cap and rate management risk (cont.)</b>	<p>In exercising our Caps and Fixed Rate setting discretion we have regard to the management of equity between policy owners.</p> <p>The amount of our income is limited to the fees described in “How we make money” on <a href="#">page 20</a>. As noted in that section, we may retain a portion of the return generated by the assets of the statutory fund to meet our operating costs and profit margin and this retained yield is reflected in the Caps and Fixed Rate that we offer. The amount of retained yield varies from year to year and is determined with reference to a range of factors, including the operating costs of the business, the capital required to be maintained to support the business and a profit margin managed over the full duration of the product. The retained yield will never exceed 1% p.a and we will disclose the amount we have withheld to you.</p> <p>Notwithstanding the wide range of circumstances and conditions described above, which impact the Caps and Fixed Rates which we offer to you, the Caps and Fixed Rates are subject to guaranteed minimum levels as outlined on <a href="#">pages 22 and 23</a>.</p>
<b>Issuer risk</b>	<p>Any investment carries a risk that the product issuer will not have sufficient funds to repay amounts to policy owners as and when they fall due.</p> <p>We are an APRA authorised life insurance company, and the issuer risk associated with your investment in Future Safe is mitigated through a prudential capital regime enforced by our regulator, APRA. This requires that we keep the assets of policy owners in a segregated statutory fund. It also requires that we keep adequate assets in both the life company and the statutory fund to manage the risk that our assets are insufficient to meet our obligations to policy owners. We hold assets in excess of the minimum amount prescribed by APRA.</p>
<b>Regulatory risk</b>	<p>Government policies and laws may change in the future, which may impact your investment.</p>

We recommend that you seek advice from your licensed financial adviser before investing in Future Safe.



## Section 3

# ADDITIONAL INFORMATION

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# GENERAL INFORMATION

## Relationship between this PDS and your Future Safe policy

The Terms and Conditions of your Future Safe policy are specified in the current Policy Document which is in [section 4](#) of this PDS and incorporate certain material contained in this PDS.

The Terms and Conditions contained in this PDS which are incorporated into your Future Safe Policy can be found in the following sections:

- Protection options and investment options ([pages 22-25](#)) (Refer Policy Document [page 67](#))
- Investment Intervals ([page 22](#)) (Refer Policy Document [page 67](#))
- Return (text commencing under the heading How the Caps and Floors affect the value of your investment on [pages 25-27](#)) (Refer Policy Document [page 68](#))
- Withdrawal Amount including the Free Withdrawal Amount, the reference rate and the DVA) text commencing Making withdrawals on [pages 30-33](#)) (Refer Policy Document [pages 68-70](#))
- Annual Product Fee ([pages 29-30](#)) (Refer Policy Document [page 70](#))
- Glossary ([pages 60-62](#)) in relation to definitions associated with the Terms and Conditions (refer Policy Document, Definitions in Interpretation Section [pages 74 and 75](#))

We may also make changes to these Terms and Conditions unilaterally if they are not Detrimental to you, are required to comply with the Relevant Law or may otherwise make changes as agreed with you (see [clause 12](#) of the Policy Document on [page 72](#)). In addition, if you apply for an additional Investment Interval, you agree to any further or changed Terms and Conditions which will be disclosed prior to your application. All changes to

Terms and Conditions will be published on our Website.

You can obtain a copy of the Policy Terms and Conditions from our Website or may obtain a copy free of charge including any Terms and Conditions incorporated from our Website at any time by contacting your financial adviser or by calling us on [1300 371 136](#). You should refer to the Website before applying for a Future Safe policy or a new Investment Interval.

We will send you your Investor Certificate at the time of the commencement of your policy.

## Privacy of your personal information

*We give priority to protecting the privacy of your personal information. We do this by handling personal information in a responsible manner and in accordance with the Privacy Act 1988 (Cth).*

We usually collect your personal information from you or your financial adviser. We may also collect it from persons acting on your behalf. The collection and verification of information helps to protect against identity theft, money laundering and other illegal activities.

### Why we collect it

We collect your personal information to enable us to provide our products and services, including to verify your identity in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), process and finalise a death claim, make offers of products and services provided by us, our related companies, business partners and others that we have an association with that may interest you, and conduct market or customer research to determine those products or services that may suit you.

You can choose not to receive product or service offerings from us or our



related companies by calling us on 1300 371 136, between 8.30am and 5.30pm (AET), Monday to Friday.

If you do not provide the personal information we require, we may not be able to provide you with our products or services. If you provide us with the personal information of a third party (e.g. a nominated beneficiary), you must obtain their consent to do so and have shown them this section "Privacy of your personal information".

The collection of your personal information is required or authorised under the Life Insurance Act 1995 (Cth), Superannuation Industry (Supervision) Act 1993 (Cth), Income Tax Assessment Act 1936 (Cth) and the Anti-Money Laundering and Counter- Terrorism Financing Act 2006 (Cth).

### **Who we disclose it to**

We may disclose your personal information to our contractors or third party service providers (including providers of administration services and platforms), to your nominated adviser with your consent, to your nominated beneficiaries and to others with whom we have business arrangements for the purposes listed above or to enable them to offer their products and services to you.

### **Disclosure overseas**

Your personal information may be disclosed to other companies in the Allianz Group, business partners and service providers (including providers of administration services) that may be located overseas. The countries this information may be disclosed to will vary from time to time, but may include Canada, India, Germany, New Zealand, United Kingdom, United States of America and other countries where the Allianz Group has a presence (a list of which is available on the Allianz Group website, [www.allianz.com](http://www.allianz.com)) or engages subcontractors.

We regularly review the security of our systems used for sending personal information overseas. Any information disclosed may only be used for the purposes of collection explained above and for system administration.

### **Access to your personal information and complaints**

You may ask for access to the personal information we hold about you and seek correction by calling 1300 371 136 between 8.30am and 5.30pm (AET), Monday to Friday. Our Privacy Policy contains details about how you may make a complaint about a breach of the privacy principles contained in the Privacy Act 1988 (Cth) and how we deal with complaints. You can access our Privacy Policy on our Website.

### **Telephone call recording**

We may record incoming and/or outgoing telephone calls for training or verification purposes. Where we have recorded a telephone call, we can provide you with a copy at your request, where it is reasonable to do so.

### **Your consent**

By providing us with personal information, you and any other person you provide personal information for, consent to these uses and disclosures, and this consent continues until you tell us otherwise. If you wish to withdraw your consent, including for things such as receiving information on products and offers by us or persons we have an association with, please contact us.

## Complaints

We want to resolve any complaint you have as quickly as possible. If you have an issue you'd like to work out, please call us on 1300 371 136 between 8.30am and 5.30pm (AET), Monday to Friday.

If your complaint is not resolved within 45 days and to your satisfaction, you may also contact the Australian Financial Complaints Authority (AFCA).

A dispute can be referred to AFCA subject to its terms of reference. AFCA provides a free and independent dispute resolution service for consumers who have disputes falling within its terms.

Here are AFCA's details:

 **Australian Financial Complaints Authority**  
**GPO Box 3, Melbourne VIC 3001**  
**1800 931 678**  
**[www.afca.org.au](http://www.afca.org.au)**

## Commencement Date

The Commencement Date for your policy is the date when all application requirements have been fulfilled, including the receipt of your Investment Amount. Any money received before the policy is set up is held in a suspense account in the statutory fund until all requirements are finalised. We may pay interest (net of any applicable taxes) on any money held in suspense, which will be credited to your account at the time your policy commences.

Where all requirements have not been received, we may hold your funds for up to 28 days. After this time, if there are still any outstanding requirements, your money may be returned without any interest for the time the money has been held by us and we may keep the interest (if any) that is earned.

## Cooling off

After commencing Future Safe and receiving your policy documentation from us, you have 14 calendar days from the earlier of:

- the date that you receive your policy documentation from us; and
- the end of the 5th business day from the Commencement Date of your policy, to check that the policy meets your needs. This is known as the 'cooling off period'. During this period, you may cancel the policy and request a refund of your investment. If you wish to cancel, please call us or send us your request in writing. You will also need to send us your Investor Certificate.

If you do cancel during the cooling off period, the amount available will be adjusted to take account of any applicable taxes and/or duties.

If you bought Future Safe with money rolled over within the superannuation system, the initial investment (less any applicable taxes) and the upfront adviser service fee will be returned to the rollover institution from where the money was received.

You cannot exercise a cooling off right if you have exercised a right or power under the policy such as taking a payment.

## Customer identification program

In accordance with the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation, we need to verify your identity before we can set up your policy. If you authorise us in the Authorisation section of the Application Form to verify your identity information with the issuer or the official record holder of the identity information or via a third party electronic verification service provider, you may not need to provide us with certified copies of your identity verification documents.

If you have not provided us with the required authorisation, you or your financial adviser, will



be required to provide us with certified copies of your identity verification documents.

If the application form is signed under power of attorney, we will also need certified copies of the power of attorney and the identification documents of the agent. We will not set up your policy until the required identity checks have been completed or the required identity documents have been provided.

We also reserve the right to terminate your policy, if required, to ensure compliance with AML/CTF legislation.

We may be required to ask you for additional identity verification documentation and/or information about you or anyone acting on your behalf, either when we are processing your application or at some stage after we issue the product. If this is the case, you may not be able to transact on your account until these documents have been provided.

We may pass information to the relevant government authority in accordance with the AML/CTF legislation.

## **Common Reporting Standard (CRS)**

CRS is a global standard for the collection and exchange of account information between national tax authorities. From 1 July 2017, the CRS was adopted in Australia. What this means is that we will require you:

- to certify your residence for tax purposes
- for foreign tax residents to supply your tax ID number or equivalent (if you have one)
- for entities (i.e. companies and trusts) to provide information from certain individuals associated with the entity, (referred to as 'controlling persons'), such as owners, trustees and beneficiaries.

After you have established your policy, we may also contact you occasionally to confirm

your tax residency and request supporting documentation. You must also provide us with a suitably updated self-certification within 30 days of any change in circumstances which causes any of the information contained in your initial application form (or other self-certification documentation provided in connection with your application) to be inaccurate or incomplete.

Where you are a foreign tax resident, or our records indicate that you may be a foreign tax resident, but you have failed to respond to our requests to confirm this, we are obligated to report your account information annually to the ATO, who will then pass this information to the tax authority of the home country of the foreign tax resident.

## **FATCA**

The Foreign Account Tax Compliance Act (FATCA) is US legislation that requires Reporting Australian Financial Institutions (such as us) to report certain information about US tax residents, US citizens and certain US entities that are established in the US or are controlled by US persons. To enable us to comply with FATCA, and to ensure you do not engage in tax avoidance, all investors have an obligation to understand whether or not they are a US resident, citizen or US entity that is subject to US tax laws. If you are, or become subject to US tax reporting, you must notify us, and complete the relevant reporting information.

The Australian Government has in place an intergovernmental agreement (IGA) with the US Government. Under the terms of the IGA we are required to provide the ATO with specified information, which may be submitted to the **Internal Revenue Service**.

After you have established your policy, we may contact you occasionally to confirm your tax residency and request supporting documentation.

## Family law

If you have purchased Future Safe with superannuation money, the following information will apply.

Family law legislation allows for the division of super of married and de facto (including same sex) couples when a relationship breaks down. This legislation does not currently extend to de facto couples in Western Australia, however reforms have been proposed for this to occur.

A written request for information about your super product may be made by you, your spouse (including de facto) or a person intending to enter into a superannuation agreement with you (for example, a pre-nuptial agreement). The request must comply with the requirements of the Family Law Act 1975 (Cth).

The response to an information request will only be issued to the person making the request. If a request is received from your spouse, or intending spouse, the legislation states that you must not be informed of the request.

### Splitting instructions

Splitting instructions specify how your policy purchased with super money will be divided. This may be expressed as a dollar amount or as a percentage. These splitting instructions may be made in the form of an agreement between you and your spouse (including de facto) or by a court order.

The provisions of the family law legislation allow for the charging of reasonable fees for the administration of family law requests. We don't currently charge fees but we will notify you if we decide to introduce such reasonable fees in the future.

## Transfer balance cap

A limit of \$1.6m currently applies to the total amount of superannuation savings that can be invested in retirement phase income stream products, including Future Safe. This limit is known as the "transfer balance cap" and is indexed periodically in \$100,000 increments in line with the Consumer Price Index and will increase to \$1.7m on 1 July 2021. The ATO may impose a charge on amounts that exceed the transfer balance cap.

If you exceed the transfer balance cap, the ATO may issue us with a Commutation Authority, which will require us to withdraw a specified amount within 60 days of the issue of the Authority.

We will make reasonable efforts to obtain your instructions. If you do not provide us with your instructions within the 60 day period, we will still be required to act on the ATO's Commutation Authority, and this may include paying a lump sum to you equal to the amount specified by the ATO. Where we are required to pay a lump sum to you as a result of a Commutation Authority, a MVA charge may apply.

Special rules apply to income streams payable on death. The rules regarding transfer balance caps are complex. You should seek professional advice if these affect you.

## WHAT WE'LL SEND TO YOU

### ONCE YOUR POLICY IS SET UP



**Welcome letter**  
welcomes you to  
Future Safe



**Investor certificate**  
summarises the key  
terms and features of  
your policy



**Opening statement**  
summarises your  
protection and  
investment options

### DURING THE POLICY



**Anniversary election letter**  
sent prior to your  
Anniversary Date outlining  
your allocation options



**Annual statement**  
summarises transactions  
over the year and  
closing balance



**Payment summaries**  
may be used  
to complete  
your tax return

### PRIOR TO THE END OF THE INVESTMENT INTERVAL



**Investment Interval election letter**  
sent prior to the end of your  
Investment Interval outlining  
your options

*If you hold the policy as a  
joint policy owner, we may  
send communications to  
both joint owners.*

### START OF NEW INVESTMENT INTERVAL



**Updated Investor certificate**  
Details the changes to your  
key terms and features

# GLOSSARY

## A

**Account Balance** means the value of your policy reflecting any withdrawals you have made, interest that has been credited or debited to your account, DVA, net of any applicable taxes and any fees deducted from or accrued to your policy.

**Annual point-to-point crediting** means the method used to determine how much interest we add to (or subtract from) your account at each Anniversary Date. This is based on the movement of the relevant index for each investment option from your commencement/last Anniversary Date to the next Anniversary Date.

**Asset Value** represents your Account Balance at your commencement/last Anniversary Date less withdrawals or payments since that date (including any ongoing ASF) plus interest amounts credited or debited for the period related to those payments or withdrawals.

## C

**Cap** means the maximum investment return for each market-linked option and is based on the level of protection chosen. Each market-linked investment option has its own set of Caps.

**Commencement Date** means the commencement date stated in your Investor Certificate.

**Conditions of release** are defined under super laws and may change from time to time. Under current super law, a condition of release means a circumstance where a person may have their super paid to them, this may occur in the event of

- death
- reaching age 65
- retirement where the conditions below are satisfied

a) in the case of a person who has reached a preservation age that is less than 60, if an arrangement under which the person was gainfully employed has come to an end and we are reasonably satisfied that the person intends never to become gainfully employed again, either on a full-time or a part-time basis; or

b) in the case of a person who has attained the age of 60, an arrangement under which the person was gainfully employed has come to an end, and either of the following circumstances apply:

- the person attained that age on or before the ending of the employment; or
- we are reasonably satisfied that the person intends never to become gainfully employed again, either on a full-time or a part-time basis;

- a terminal medical condition if at a particular time the following circumstances exist:

a) two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the person within a period (the certification period) that ends not more than 24 months after the date of the certification;

b) at least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by the person; and

c) for each of the certificates, the certification period has not ended; and

- permanent incapacity if we are reasonably satisfied that the person's ill-health (whether physical or mental) makes it unlikely that the person will engage in gainful employment for which the person is reasonably qualified by education, training or experience.

## D

**Daily Value Adjustment (DVA)** measures the impact of changes in the relevant indices for the period from the Commencement Date or last anniversary date (whichever is later). The DVA is included in the calculation of your Account Balance but is only credited or debited to your account if you make a withdrawal from your policy (see [page 32](#) for how the DVA is calculated).

**Detriment or Detrimental** means a negative impact on either the person's accrued rights or benefits under the Policy or the person's other financial interests under the Policy, or an adverse adjustment to the person's other entitlements under the Policy.

**Disability superannuation income stream** is where the benefit is paid to a person because he or she suffers from ill health (whether physical or mental) and two legally qualified medical practitioners have certified that, because of the ill health, it is unlikely that the person can ever be gainfully employed in a capacity for which he or she is reasonably qualified because of education, experience or training.

**Duration** means the time period commencing on the Commencement Date and ending on the End Date.

## E

**End Date** means the last day of the policy being either the day:

- the Account Balance is fully withdrawn or
- the last day of an Investment Interval if we have notified you that we will not be making available another Investment Interval.

## F

**Fixed Rate** is a one year fixed interest rate.

**Floor** is the protection option available for each market-linked investment option. This is designed to protect against downside market risk.

**Free Withdrawal Amount** is the amount of withdrawal available to you each policy year at no additional charge (i.e. not subject to an MVA charge) and is further defined on [page 30](#).

**Formula** means the formulas used to determine the guaranteed minimum Caps and Fixed Rate at the commencement of each Investment Interval, which may change from time to time.

## I

**Indicative Market Value** means the value of your policy reflecting any withdrawals you have made, interest that has been credited or debited to your account, DVA which is calculated without applying a pro-rata Cap, net of any applicable taxes and any fees deducted from or accrued to your policy.

**Investment option** has the meaning referred on [page 24](#) and includes the cash investment option which earns interest at the Prevailing Rate if you fail to select a new Investment Interval.

**Investment Amount** is the total amount initially received from you which includes any upfront Adviser Service Fee, stamp duty and taxes.

**Investment Interval** is the underlying 7 or 10 year interval you select within your policy at inception, at the end of each interval or when you have been invested in the cash investment option. Please refer to [page 22](#) for further details.



## M

**MVA charge** is a charge that applies to withdrawals that exceed the Free Withdrawal Amount. Please refer to [page 32](#) for further details.

## P

**Preservation age** is the age at which you can access your super if you are retired (or have started a transition to a retirement income stream). Your preservation age depends on when you were born as shown below.

DATE OF BIRTH	AGE
Before 1 July 1960	55 yrs
1 July 1960 – 30 June 1961	56 yrs
1 July 1961 – 30 June 1962	57 yrs
1 July 1962 – 30 June 1963	58 yrs
1 July 1963 – 30 June 1964	59 yrs
After 30 June 1964	60 yrs

**Prevailing Rate** means the interest rate earned by the statutory fund on cash held on deposit for the cash investment option with one (or more) of the 4 major Australian banks.

**Protection option** has the meaning referred on [page 22](#).

## S

**Super or super money** is superannuation that has been rolled over or transferred within the superannuation system. It does not include money invested by a trustee of a superannuation fund.

## T

**Tax dependant** is defined as:

- the deceased's spouse or former spouse
- the deceased's child under 18 years of age
- any other person with whom the deceased had an "interdependency relationship" just before he/she died
- any other person who was a dependant (as defined under common law) of the deceased person just before he/she died.

**Terms and Conditions** has the meaning specified in the Policy Document.

## U

**Unrestricted non-preserved super money** is super money that can be paid on demand but you have decided to keep in a super fund. Your super fund will be able to tell you if your money is unrestricted, non-preserved.

## W

**Website** is our website which can be found at [www.allianzretireplus.com.au](http://www.allianzretireplus.com.au).

**Withdrawal value** means the amount that is paid back to you when you make a withdrawal, and is calculated in accordance with the formula provided on [page 33](#).

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## Consents

Each of Bloomberg, MSCI parties, S&P Dow Jones Indices and PIMCO Australia has consented to the information about (or provided by) it that is in this PDS in the form and context in which it appears and has not withdrawn its consent at the time of preparation of this PDS.





Section 4

# POLICY DOCUMENT



This policy contract (**Policy**) relating to the life insurance product identified in the related product disclosure statement to which this Policy forms part of is a life policy issued by Allianz Australia Life Insurance Limited (**AALIL, us or we**) to the policy owner specified in an Investor Certificate (**Policy Owner or you**). If there are multiple Policy Owners they own the Policy as joint tenants and both must either be residents of Australia or not residents of Australia.

The Terms and Conditions of the Policy are as described in the definition of Policy set out in clause 16 below and include Terms and Conditions contained and identified in the PDS or other document as specified in that definition as well as any Terms and Conditions you may agree to by applying for an Investment Interval or otherwise agree with us.

We reserve the right to at any time correct administrative errors on an Investor Certificate and will notify you of any such corrections.

### **1 Investment**

A Policy can be purchased with ordinary money or Super Money provided that the Super Money is Qualifying Money which currently means all unrestricted non-preserved amounts or you have reached your preservation age under the Relevant Law. An investment made by a superannuation trustee is ordinary money as it is not a rollover within the superannuation system.

Once the Policy has commenced, no further amounts can be added to the Policy unless otherwise specified in the Product Disclosure Statement (defined in clause 16).

### **2 Term of the Policy**

Your Policy has a term which starts on the Commencement Date and ends on the End Date.

### **3 Protection Options and Investment Options**

You can choose one or more Protection and Investment Options when you apply for the Policy, and before the applicable time specified in the PDS on each Anniversary Date or as otherwise published on our website.

Details of the different Protection and Investment Options, how they operate and how they may impact your return are specified in the PDS.

If you do not choose any Protection and Investment Options (or make invalid choices) at the Anniversary Date, the allocation last made by you will continue to apply, but will be based on the applicable Terms and Conditions on and from that Anniversary Date.

### **4 Investment Intervals**

You can choose an Investment Interval when you apply for the Policy.

The initial Investment Intervals available, including any relevant eligibility criteria, are specified in the PDS. Subject to the Terms and Conditions specified in the PDS, if permitted in the PDS, you may choose more than one Investment Interval to occur at the same time.

At the conclusion of your initial Investment Interval you may apply for a subsequent Investment Interval for some or all of your Account Balance before the relevant time specified in the PDS. In applying for a subsequent Investment Interval, the available Investment Intervals, and the applicable Terms and Conditions, will be specified in the PDS attaching to that particular Investment Interval at the relevant time of application. The PDS which attaches to a particular Investment Interval may be the PDS on issue at the Commencement Date of your Policy, which may also have been amended or supplemented, or it may be a new or replacement PDS, and, in each case, will be published on our

website. We recommend that you consult with your financial advisor prior to applying for a subsequent Investment Interval.

The Terms and Conditions attached to a subsequent Investment Interval will include:

- Available Investment Intervals, Protection Options and Investment Options;
- The guaranteed minimum Caps and Fixed Rate, or the method of calculating such values including the Formula, which will apply for the duration of the Investment Interval;
- The fees applicable for the duration of the Investment Interval; and
- The eligibility criteria applicable to the Investment Intervals,

and may be less favourable or more favourable than those Terms and Conditions applicable to your current Investment Interval.

By applying for an Investment Interval, you agree to the Terms and Conditions specified in the relevant PDS, together with any other Terms and Conditions relevant to that Investment Interval that are published on our website prior to the commencement of your subsequent Investment Interval. You should refer to the relevant PDS and our website prior to applying for an Investment Interval to understand and agree to the Terms and Conditions that will be applicable on the date of commencement of your new Investment Interval.

In relation to subsequent Investment Intervals, which are all offered under, and form part of the one Policy, despite the Terms and Conditions of the PDS, any cooling off period referred to in a PDS is only available at the commencement of your Policy and is therefore applicable only in respect of your initial Investment Interval, and is not available for subsequent Investment Intervals.

We reserve the right to not make future Investment Intervals available.

At the conclusion of your initial and each subsequent Investment Interval you may choose to withdraw the full account balance relevant to that Investment Interval without charge and your Policy will end, provided that you are not also invested in any other Investment Interval which forms part of your Policy at that time, in which case the Policy will continue.

If you do not choose a new Investment Interval at the end of your previous Investment Interval, your Policy will continue and you will be invested in a cash Investment Option which earns interest at the Prevailing Rate. This will continue until you inform us that you wish to apply for a new Investment Interval or request a withdrawal.

If you have not applied for a new Investment Interval, or requested a withdrawal, within one year of the anniversary date of the end of your last Investment Interval, then you agree that you will receive your full withdrawal value and your Policy will end.

## **5 Return**

The return on Investment Options is determined in accordance with the method specified in the PDS.

For Investment Options that are based on an index, the method for determining the index level on a particular day is as specified in the PDS.

Pro-rata interest will be credited to or debited from your account on withdrawals made during the year as specified in the PDS.

## **6 Withdrawals**

Subject to the special rules that apply to withdrawals of Super Money (see clause 6.1), you can request a full or partial withdrawal at any time before the end of the term of the Policy. The withdrawal value of a Policy will always be at least the minimum required under

the Relevant Law, and will not be greater than your Account Balance.

Any partial withdrawal will be paid out of your chosen Investment Options in the same proportion that has been invested in each of them as at your Commencement Date in your first year or most recent Anniversary Date, or other relevant date, or on other Terms and Conditions as may be specified in the PDS. Generally we will process a withdrawal request in the next two Sydney Business Days after receiving the request.

### **6.1 Special rules for Super Money**

For a Policy that is purchased with Super Money, the following special rules apply to withdrawals:

- **Minimum income withdrawals:** The total withdrawals paid as income in a financial year (excluding withdrawals that are commutations, but including withdrawals as a result of a family law split) must be at least the amount that is calculated under Relevant Law. If, in a financial year, you have not withdrawn this minimum amount, we will pay you an amount as income to ensure that the minimum amount of income has been paid to you for that financial year. If your Free Withdrawal Amount (see below) is greater than the minimum required under Relevant Law, then you may also elect to receive this higher amount as an income stream.
- **Frequency of income withdrawals:** You can choose to have the minimum withdrawals for a financial year paid monthly, quarterly, half-yearly or annually.
- **Commutation withdrawals:** A withdrawal other than as income is a commutation and cannot be paid unless the circumstances in the Relevant Law are satisfied.

For a Policy that is a Transition to Retirement Income Stream, in addition to the special rules stated above, the following additional special

rules also apply to the extent the Relevant Law applies to withdrawals:

- **Maximum income withdrawals:** The total withdrawals paid as income in a financial year (excluding withdrawals that are commutations, but including withdrawals as a result of a family law split) must not be more than the maximum percentage as specified under the Relevant Law of the 'Asset Value' on 1 July of that financial year (or the Commencement Date of the Policy if the Policy commenced in that financial year) unless you have satisfied a condition of release in respect of which the cashing restriction for preserved benefits and restricted non-preserved benefits is 'Nil'.
- **Commutation withdrawals:** A withdrawal other than as income is a commutation and cannot be paid unless the circumstances in the Relevant Law are satisfied.
- **Preservation rules:** The payment of withdrawals must be consistent with the Relevant Law that applies preservation rules to the annuity as if the annuity was a regulated superannuation fund, the Policy Owner was a member of that fund and AALIL was a trustee of that fund.

### **6.2 Free Withdrawal Amount**

The Free Withdrawal Amount is the amount available to be taken each year without any Market Value Adjustment (**MVA**). The Free Withdrawal Amount is further specified in the PDS.

### **6.3 Market Value Adjustment**

Unless the PDS otherwise specifies, if you make a full or partial withdrawal before the end of any Investment Interval, a Market Value Adjustment (**MVA**) charge will apply to the portion of a withdrawal that exceeds the Free Withdrawal Amount.

The MVA charge is calculated as:

**Market loss recovery amount +  
early withdrawal fee**

**The market loss recovery amount =**  
Amount withdrawn in excess of Free  
Withdrawal Amount x  
Market Recovery Factor (MRF)

**MRF =**

$$\left[ 1 - \left( \frac{1 + \text{initial reference rate}^*}{1 + \text{current reference rate}^*} \right)^n \right] \times \frac{1}{(1-t)}$$

n = remaining years of your current  
Investment Interval (including partial years)

t = tax rate applicable to your policy

\* The reference rate is specified in the PDS. The initial reference rate is measured at the commencement date of your current Investment Interval.

The market loss recovery amount can never be less than zero.

**The early withdrawal fee =**

$$6.5\% \times \frac{m}{7} \times \text{Amount withdrawn in excess of Free Withdrawal Amount} \times \frac{1}{(1-t)}$$

m = remaining years to 7th Policy Anniversary  
(including partial years)

t = tax rate applicable to your policy

The withdrawal value of your Policy if you made a full withdrawal is:

$$\text{Withdrawal value} = \text{Account Balance} - \text{MVA charge}$$

To determine the Account Balance at the time of the withdrawal, we will calculate the Daily Value Adjustment (**DVA**) that applies to your Policy from the Commencement Date or the last Anniversary Date. The DVA is calculated as specified in the PDS.

## 7 Adviser Service Fees

If an upfront adviser service fee is specified in the Investor Certificate, then you have directed us to pay that amount out of the statutory fund

from your account before the opening balance is determined, to the Australian Financial Services Licensee of your financial adviser that was last notified to us. That amount is paid by us on or prior to the issue of the Policy.

If an ongoing adviser service fee is specified in the Investor Certificate (and confirmed by you on or before each Anniversary Date), then you have directed us to make a withdrawal of that amount and instead of paying that amount to you, you have directed us to pay that amount to the Australian Financial Services Licensee of your financial adviser that was last notified to us. If you have not confirmed payment of the ongoing adviser service fee on or before an Anniversary Date, we will cease payment of that fee. You may also start, cancel or change the amount of the ongoing Adviser Service Fee deducted from your policy by notifying us at any time. If required by the Relevant Law, we may require you to refresh your payment direction. We will also cancel the payment direction upon notification of the death of a Policy Owner.

## 8 Annual product fee

At each Anniversary Date, a fee will be deducted from the Account Balance, unless otherwise specified in the PDS. The fee will be calculated at a rate specified in the PDS, applied to the opening balance at the Commencement Date or the last Anniversary Date (whichever is the later) adjusted for any credited or debited interest and withdrawals made during the year.

Where a full withdrawal amount is made or due to death, the annual product fee will be deducted from your Account Balance on a pro-rata basis on the proportion of the year that has elapsed from Commencement or the previous Anniversary Date up to the date of the withdrawal. This fee will be calculated on a daily basis unless otherwise specified in the PDS.

Where an election is made to start a new Investment Interval after you have been invested in the cash Investment Option, the annual product fee will be deducted from your Account Balance on a pro-rata basis on the proportion of the year that has elapsed from previous Anniversary Date up to the date of the commencement of the new Investment Interval. This fee will be calculated on a daily basis unless otherwise specified in the PDS.

## **9 Death Benefit**

If the policy is not owned by a company or a trustee of a trust, you will be the life insured for the policy unless otherwise specified in the PDS.

You may nominate:

- one or more nominated beneficiaries; or
- for Policies purchased with Super Money, one reversionary beneficiary,

who will receive the remainder of the benefits of the Policy if the life insured (or in the case of joint Policy Owners, the last surviving joint life insured) dies during the term of the Policy. A nomination will be effective when it is received by us.

If the life insured dies and a nominated beneficiary chooses to continue with the relevant portion of your Policy after death of the life insured, this Policy will be transferred to the nominated beneficiary in accordance with Relevant Law, who shall enjoy all rights and be subject to all obligations as if he or she were party to this Policy. However, on the death of the nominated beneficiary, their legal personal representative will be paid the lump sum death benefit that is calculated at the date of the nominated beneficiary's death.

If the Policy is purchased with Super Money:

- A nominated beneficiary or reversionary beneficiary must be a dependent (as defined under the Relevant Law) at the time of your death and if this is not the case, the portion of the benefits of the Policy that would have been paid to that person will be paid to the

legal personal representative of the deceased Policy Owner.

- If the relevant portion of the Policy will continue to be paid to the nominated beneficiary or the reversionary beneficiary the beneficiary must be entitled to be paid those benefits under the SIS Regulations. If this is not the case, a lump sum benefit will be paid.

If the nominated beneficiary or reversionary beneficiary is a child under 18 for personal savings or a child at any age for Super Money, they cannot continue the Policy and a lump sum death benefit will be paid to their parent or guardian for the benefit of the beneficiary or into a trust for them, if they are under 18, or paid to the child directly if 18 or over. A reversionary beneficiary must not be a child of the Policy Owner.

A Policy Owner that is a company or a trustee of a trust cannot nominate a beneficiary, but can select up to two life insureds in which case a lump sum death benefit is payable on the death of the last surviving life insured. The life insured is specified in the Investor Certificate. A life insured can be removed, but an additional life insured cannot be added after the Commencement Date. In this circumstance, the Policy Owner can elect to continue with the Policy instead of receiving a lump sum death benefit.

If the Policy Owner is a natural person, on the death of a life insured (or the last surviving joint life insured), the death benefit will be paid as set out below:

- If there is a reversionary beneficiary nominated, on the death of the life insured, subject to the special rules that apply to a Policy that is purchased with Super Money, the reversionary beneficiary can choose to continue with the Policy or receive a lump sum.
- If there are one or more nominated beneficiaries, subject to the special rules that



apply to a Policy that is purchased with Super Money, each nominated beneficiary can choose to continue with the relevant portion of the Policy that applies to them or receive a lump sum of the relevant proportion of the death benefit.

- If there are no nominated beneficiaries or reversionary beneficiary, a lump sum death benefit will be paid to the legal personal representative of the Policy Owner (or if there are joint Policy Owners, the last surviving joint Policy Owner).

If the reversionary beneficiary or nominated beneficiary has continued with their relevant portion of the Policy and they die, their legal personal representative will be paid the lump sum death benefit calculated at the date of the beneficiary's death.

If you die during the term of the policy and a lump sum is paid, we will pay the Account Balance, without applying any MVA charge.

## **10 Communication**

You may be sent all correspondence and communications from us electronically including by any electronic address (e.g. email address) that you have provided to us and must notify us of any change to your electronic addresses that you have provided to us. Any correspondence or communications from us is deemed to have been received by you when it is sent by us to that electronic address.

If we receive communications in relation to the Policy, we will not be liable for any loss that may be suffered by you as a result of a fraudulent communication received by us without the knowledge of you, provided that we have not been negligent or any delay in us acting on a communication if we seek further information from you about the communication.

## **11 Tax**

We can deduct from the value of a Policy or any withdrawal any tax to, (or in respect of) the Policy, stamp duty or other government charge or impost that applies to this Policy, a withdrawal from it or this class of business. Tax on any superannuation rollovers or any amount that is payable by us in relation to a Policy will be deducted from the value of a Policy and may be treated by us as a partial withdrawal.

## **12 Amendment**

We can unilaterally amend the Terms and Conditions of the Policy, including any Terms and Conditions in the PDS which are incorporated into the Policy, without prior written notice to you in order to comply with any requirements of (or amendments to) any Relevant Law, including to avoid a penalty or other disadvantage to us, or we can amend as otherwise agreed with you.

We may also unilaterally amend the Terms and Conditions of the Policy without prior written notice to you where the amendment is not Detrimental to you.

If the Policy is amended either by us (as provided for in this Policy Document) or as agreed between us and you, we will issue you with a new Investor Certificate or other correspondence or other disclosure confirming the change. The change is effective from the date that is specified in the Investor Certificate or the date on which we confirm the change, as applicable. Amendments to the Policy may also be notified on our website.

## **13 Policy**

The Policy is referable to our Statutory Fund No. 2 and does not participate in distributions of profits or surplus.

The Policy and the payments made pursuant to the Policy cannot be used as security for a borrowing though if the Policy is purchased with non-Super Money, it may be used as a security for a borrowing at our discretion.

## **14 Transfer**

If a Policy is purchased with Super Money, the Policy can only be transferred to another person on your death.

## **15 Termination**

Your Policy will terminate at the end of your current longest dated Investment Interval if and when we notify you that we will not be making available another Investment Interval. We reserve the right not to make available future Investment Intervals. On termination of your Policy at the end of that Investment Interval we will pay you, a reversionary beneficiary or a nominated beneficiary (or a legal personal representative of one of these) the Account Balance of the policy at the end of the Investment Interval following such a decision.

## **16 Interpretation**

The Policy is a non-participating investment account contract under the Relevant Law. If a Policy is purchased with Super Money, it is also an annuity under the Relevant Law relating to superannuation and, if that Super Money was not all unrestricted non-preserved benefits, it is also a transition to retirement income stream under the Relevant Law.

The Policy is intended to operate as an investment account contract and if you apply on this basis, an annuity and also a transition to retirement income stream. In the event of any ambiguity, the Policy should be interpreted to conform with each of these as applicable.

In this Policy Document, unless the context otherwise requires:

- the singular includes the plural and the plural includes the singular;

- other parts of speech and grammatical forms of a word or phrase defined in this Policy have a corresponding meaning;
- specifying anything after the words 'include' or 'for example' does not limit what else is included;
- a reference to any document includes all amendments, modifications, variations and replacements in respect of that document;
- a reference to any legislation includes all delegated legislation (and prudential standards, as well as declarations, determinations, modifications and approvals) made under it and amendments, consolidations, replacements or re-enactments of any of them;
- a reference to amounts that are payable or dollars are to amounts that are payable in Australian currency;
- a reference to an index that, after the Commencement Date is terminated or substantially amended, is to be taken to be a reference to an index that we notify you will replace the index that has been terminated or substantially amended;
- reference to a Term or Condition specified in the PDS, 'the PDS then applicable', or 'the relevant PDS' means that Term or Condition is incorporated into this Policy as a Term or Condition (as the case may be), which either you agree to when you enter into this Policy, or in the case of Terms and Conditions attaching to a subsequent Investment Interval, when you apply for a subsequent Investment Interval, or in relation to any other relevant subsequent Terms and Conditions, when you otherwise agree to those Terms and Conditions or when they are made in accordance with clause 12 of this Policy.

In this Policy:

- **Account Balance** has the same meaning specified in the PDS;
- **Anniversary Date** means either (as applicable) the anniversary of your Commencement Date of your Policy, or where there is any new Investment Interval, the anniversary of the commencement date of that new Investment Interval. If your Anniversary Date falls on 29 February (in a leap year), your anniversary date and processing will occur on 29 February in future leap years and 1 March for non-leap years. Where an Anniversary Date falls on a non-Business Day in Sydney, it will be taken to have fallen on the preceding Sydney Business Day for that year only;
- **Asset Value** is your Account Balance at the Commencement Date (or the last Anniversary Date) whichever is the later, less withdrawals (including any ongoing adviser service fee (see [clause 7](#))) since that date, plus or minus the return credited (or debited) for the period related to those withdrawals;
- **Business Day, or Sydney Business Day**, means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Sydney;
- **Commencement Date** means the commencement date specified in your Investor Certificate;
- **Daily Value Adjustment or DVA** has the same meaning specified in the PDS;
- **Detriment or Detrimental** means a negative impact on either the person's accrued rights or benefits under the Policy or the person's other financial interests under the Policy, or an adverse adjustment to the person's other entitlements under the Policy;
- **End Date** means the date your Policy ends being the end date that is specified in accordance with the Terms and Conditions of the PDS including this Policy Document;
- **Formula** means the formulas used to determine the guaranteed minimum Caps and Fixed Rate at the commencement of each Investment Interval, which may change from time to time, and will be set out in the PDS;
- **Free Withdrawal Amount** has the same meaning specified in the PDS;
- **Investment Interval** has the same meaning specified in the PDS;
- **Investment Options** has the same meaning specified in the PDS;
- **Market Value Adjustment or MVA** has the meaning as defined in [clause 6.3](#) of this Policy Document;
- **Policy or Policy Document** means Terms and Conditions:
  - (a) of this document at the time you invest, including the PDS to the extent specified in this Policy, or specified in the PDS as forming part of this Policy;
  - (b) as recorded in the most recent version of the Policy Owner's Investor Certificate;
  - (c) you may agree to by applying for an Investment Interval; and
  - (d) of any other document or disclosure issued by us confirming changes that have been agreed between us and you or otherwise made in accordance with, or pursuant to, this Policy;
- **Policy Restrictions** means:
  - (a) the criteria in Prudential Standard LPS 600 relating to non-participating benefits;
  - (b) the requirements of Prudential Standard LPS 360 relating to permissible additional charges including the early withdrawal fee; and
  - (c) the requirements of Prudential Standard LPS 340 relating to life insurance contracts;
 as may have been adjusted by APRA in relation to the Policy together with any other future adjustment or additional requirement made by APRA from time to time having

either specific or general application to this Policy;

- **Prevailing Rate** has the meaning specified in the PDS;
- **Product Disclosure Statement or PDS** means the product disclosure statement of which this Policy Document forms part, and includes material which legally forms part of, or is to be read with, this PDS by way of supplementary PDS, or otherwise in conformity with the *Corporations Act 2001* (Cth), and in respect of a subsequent Investment Interval, includes the PDS then applicable which may be a new or replacement PDS, and which also includes material which legally forms part of, or is to be read with, that PDS by way of supplementary PDS, or otherwise in conformity with the *Corporations Act 2001* (Cth);
- **Protection Options** has the same meaning specified in the PDS;
- **Prudential Standards** means the prudential standards made by APRA under the *Life Insurance Act 1995* (Cth);
- **Qualifying Money** means Super Money consisting entirely of unrestricted non-preserved benefits, or superannuation monies consisting wholly or in part of preserved monies where the Policy Owner has reached preservation age (as defined in the Relevant Law);
- **Relevant Law** includes the applicable requirements of the *Corporations Act 2001* (Cth), *Australian Securities and Investments Commission Act 2001* (Cth), *Life Insurance Act 1995* (Cth), *Insurance Contracts Act 1984* (Cth), *Superannuation Industry (Supervision) Act 1992* (Cth), *Income Tax Assessment Act 1936* (Cth), *Income Tax Assessment Act 1997* (Cth), and relevant subordinate legislation, approvals, declarations, modifications or binding rulings issued by a regulator;
- **Relevant Prudential Standards** means the requirements of the Prudential Standards applicable to this Policy including the

Policy Restrictions;

- **Super Money** means superannuation money that has been rolled over within the superannuation system and for the avoidance of doubt includes a rollover superannuation benefit for the purposes of the *Income Tax Assessment Act 1997* (Cth) or other applicable Relevant Law (being essentially a superannuation lump sum paid from a complying superannuation plan or arising from the commutation of a superannuation annuity);
- **Terms and Conditions** includes those terms and conditions specified as being incorporated from the PDS into this Policy; and
- **Transition to Retirement Income Stream** has same meaning specified in the PDS.

References in this Interpretation section to definitions specified in the PDS refer to specifications in the Glossary or Definitions section of the PDS (as the case may be) unless context otherwise requires.

We can apply rounding rules that we determine to the calculations under this Policy.

Your Policy and this Policy Document are governed by the laws of New South Wales. The Terms and Conditions of this Policy Document are not to be construed against us on the basis that we drafted the Terms and Conditions of the Policy. Further, to the extent of any inconsistency between the Terms and Conditions of this Policy and the Relevant Prudential Standards, the Relevant Prudential Standards will prevail and the Terms and Conditions of this Policy will be interpreted (read down, modified or severed as necessary) accordingly. In the event of any inconsistency between the Terms and Conditions contained in the PDS which are not incorporated into this Policy and any other Terms and Conditions contained in this Policy, the terms of the Policy will prevail.

### Contact us

For more information, visit our Website [allianzretireplus.com.au](https://allianzretireplus.com.au) or speak to your financial adviser.

**CREATING THE  
RETIREMENT  
AUSTRALIANS  
DESERVE**

