



# IOOF Pursuit fact sheet 110

## Transitional fee arrangements for allocated pensions

This fact sheet applies if you transfer all or part of your account balance into an IOOF Pursuit (Pursuit) pension from an IOOF product established under the Deferred Entry Fee Option.

If you are transferring your benefit from an IOOF product established under the Deferred Entry Fee Option into one of the Pursuit pension models, an Exit Fee would usually be payable on the amount transferred (plus a Benefit Payment Fee of \$77.95) within the first five years. However, we will not deduct the Exit Fee or the Benefit Payment Fee at the date the existing account is transferred to the new account, instead any outstanding Exit Fee payable and any Additional Administration Fee of up to 0.98 per cent pa will be carried across to your new account.

The outstanding liability in your new account will operate under the same terms and conditions as applied under the previous product except that:

- the liability will not continue beyond five (calendar) years from the date of transfer

- there is a cap on the amount of pension payments which are excluded from the Exit Fee. Members will be able to continue to take a pension without an Exit Fee provided pension payments for that financial year do not exceed 20 per cent of the purchase price of the allocated pension under one of the Pursuit models. Once the pension payments for the financial year exceed the 20 per cent cap, any further pension payments for that financial year will be treated as lump sum (cash) withdrawals (for the purpose of fee calculations only) and where applicable an Exit Fee will be charged on each withdrawal
- any Exit Fee applied to lump sum (cash) withdrawals and any pension payments exceeding the 20 per cent cap reduces the Exit Fee applicable to future payments from your account.

By agreeing to the transfer you agree that any outstanding Exit Fee will be carried across to your new pension account in accordance with the terms outlined above.

### Examples

<b>Facts</b>	<p>In 2008, Mark contributed \$40,000 to an IOOF personal super account under the Deferred Entry Fee option. Over the next five years, an Additional Administration Fee of up to 0.98% pa is charged, which is calculated on the initial contribution as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9d9d9;">Initial contribution</th> <th style="background-color: #d9d9d9;">x</th> <th style="background-color: #d9d9d9;">Additional Administration Fee</th> <th style="background-color: #d9d9d9;">=</th> <th style="background-color: #d9d9d9;">Amount deducted</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">40,000</td> <td style="text-align: center;">x</td> <td style="text-align: center;">0.98% pa</td> <td style="text-align: center;">=</td> <td style="text-align: center;">\$392 pa</td> </tr> </tbody> </table> <p>During the first year, the maximum Exit Fee payable is 4% of the initial contribution, calculated as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9d9d9;">Initial contribution</th> <th style="background-color: #d9d9d9;">x</th> <th style="background-color: #d9d9d9;">Exit Fee</th> <th style="background-color: #d9d9d9;">=</th> <th style="background-color: #d9d9d9;">Maximum amount deducted</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">40,000</td> <td style="text-align: center;">x</td> <td style="text-align: center;">4%</td> <td style="text-align: center;">=</td> <td style="text-align: center;">\$1,600</td> </tr> </tbody> </table>	Initial contribution	x	Additional Administration Fee	=	Amount deducted	40,000	x	0.98% pa	=	\$392 pa	Initial contribution	x	Exit Fee	=	Maximum amount deducted	40,000	x	4%	=	\$1,600
Initial contribution	x	Additional Administration Fee	=	Amount deducted																	
40,000	x	0.98% pa	=	\$392 pa																	
Initial contribution	x	Exit Fee	=	Maximum amount deducted																	
40,000	x	4%	=	\$1,600																	
<b>Event</b>	Three full years later, Mark's account balance grew from \$40,000 to \$50,000 and he decided to transfer it to an allocated pension under one of the Pursuit pension models.																				
<b>Question</b>	What Exit Fee is payable by Mark on transferring into a Pursuit Allocated Pension?																				
<b>Answer</b>	Since Mark is still a member of the Fund, no Exit Fee is payable on transferring to a Pursuit Allocated Pension.																				

<b>Question</b>	What Exit Fee would be payable by Mark if he nominates pension payments totalling \$15,000 in the year after transfer (this means 30% of the initial contribution paid to purchase his allocated pension)?								
<b>Answer</b>	As Mark exceeded the 20% cap by \$5,000 during the fourth year, the Exit Fee deducted from his pension account is calculated as follows:								
	<b>Amount by which the cap is exceeded</b>	<b>x</b>	<b>Exit Fee</b>	<b>=</b>	<b>Amount deducted</b>				
	\$5,000	x	4%	=	\$200				
<b>Question</b>	Mark had been a member of the Fund for three years until he transferred to a Pursuit Allocated Pension. What Exit Fee would be payable by Mark if he withdrew his entire account balance one year after transferring to a Pursuit Allocated Pension?								
<b>Answer</b>	The Exit Fee liability will reduce by 20% for each completed year since Mark made his initial contribution to the Fund. That is:								
	<b>Year 1</b>		<b>Year 2</b>		<b>Year 3</b>		<b>Year 4</b>		<b>Total Exit Fee liability reduction</b>
	20%	+	20%	+	20%	+	20%	=	80%
	This means that after four complete years, the amount by which the Exit Fee liability is reduced is calculated as follows:								
	<b>Initial contribution</b>	<b>x</b>	<b>Total Exit Fee liability reduction</b>	<b>=</b>	<b>Amount of liability reduction</b>				
	40,000	x	80%	=	\$32,000				
	The Exit Fee is only payable on the reduced amount (\$40,000 - \$32,000 = \$8,000). Therefore, the Exit Fee amount deducted from his account is calculated as follows:								
	<b>Reduced amount</b>	<b>x</b>	<b>Exit Fee</b>	<b>=</b>	<b>Amount deducted</b>				
	\$8,000	x	4%	=	\$320				

**General advice warning**

The information contained in this fact sheet:

- does not and is not intended to contain any recommendations, statements of opinion or advice
- is of a general nature only and does not take into account your individual objectives, financial situation or needs.

You should consider the appropriateness of this information having regard to your objectives, financial situation and needs and you may want to seek advice before deciding whether to acquire this product.

**Important notice**

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