



IOOF Pursuit fact sheet 308

Key words explained for term allocated pensions

If you find some of the terms used in the PDS and/or fact sheets difficult to understand, don't worry. This fact sheet helps to explain some of these key terms that arise along the way. If you require further information or explanation of a term not covered in this fact sheet, please contact our client services team on 1800 062 963.

Administration Fee	The fee charged by the Trustee to cover the general administration of the Fund.
AML/CTF Law	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)</i> , and all sub-ordinate legislation in respect of that Act, as amended from time to time.
Australian Financial Services Licence (AFS Licence)	A licence issued by ASIC under the <i>Corporations Act 2001</i> which among other things, permits the issuing of a financial product or the giving of financial advice.
Benefit	The amount of money in your account to which you (or in the event of your death, your dependant(s) and/or Legal Personal Representative) are entitled to be paid in relevant circumstances.
Binding Nomination	A written direction to us which, if valid and in effect, binds us to pay your benefit to the dependant(s) and/or Legal Personal Representative that you have nominated in the event of your death.
Business day	A day other than a Saturday, Sunday or a public holiday in Melbourne.
Buy/sell spread	The difference between the entry price and exit price of a managed fund. This difference is an allowance for the transaction costs incurred when buying or selling units in a managed fund. These amounts are not charged separately to your account but are generally included in the unit prices of each managed fund.
Capital Gains Tax (CGT)	A tax applied on the increase in the value of an investment that may be payable upon the disposal of the investment. CGT does not apply to investment options redeemed in a pension account.
Certified copy	A document that has been certified to be a true and complete copy of the original, by a person authorised to witness the signing of a statutory declaration under applicable Commonwealth or State legislation.
Consumer Price Index (CPI)	The CPI is the most common method of measuring the rate of inflation. It is based on a measure of the quarterly changes in the prices of a basket of goods and services which account for a high proportion of representative expenditure of metropolitan households. The CPI is published by the Australian Bureau of Statistics.
Cooling-off period	The period of time during which members are able to cancel their application for an account and receive a refund (if applicable), less permissible deductions.
Death Benefits Dependant	When paying a Death Benefit, a dependant (for tax purposes) means: <ul style="list-style-type: none"> • a spouse • children under age 18 (including a natural child, step child, adopted child or child of your spouse) • a person who is partially or wholly financially dependent on you at the date of death • a person with whom you have an interdependency relationship at the date of death.

Dependant	A dependant (for super purposes) means: <ul style="list-style-type: none"> • your spouse • any child of yours (including a child over 18) - a child includes a natural child, ex-nuptial child, stepchild, adopted child or child of your spouse • a person who is partly or wholly financially dependent on you at the date of death • a person with whom you have an interdependency relationship at the date of death.
Derivatives	Contracts that call for money to change hands at some future date, where the amount depends on, or is derived from, another security, liability or index. For example, a contract might specify that one person can buy an item from the other at today's price in six months' time, regardless of the market price at that time.
Equivalent pension	A pension which meets the Commonwealth Government pension and annuity standards as set out in the <i>Superannuation Industry (Supervision) Regulations 1994</i> .
Financial institution	A bank, building society or credit union.
Fixed term	The fixed term for a term allocated pension is the number of years originally selected by the primary beneficiary over which the pension is to be paid.
Fund	IOOF Portfolio Service Superannuation Fund (ABN 70 815 369 818)
Goods and Services Tax (GST)	A tax on the supply of goods and services.
High yielding securities	High yielding securities are investments in non-traditional debt assets that generally earn higher interest than traditional fixed interest securities. These securities may provide higher returns as they are generally regarded as being less secure than traditional fixed interest securities. As a result, there is potential for higher volatility and lower liquidity.
Income stream	A series of payments provided by a pension or annuity product which is used to meet a person's income needs in retirement.
Interdependency relationship	An interdependency relationship may exist between two people if they live together in a close personal relationship and one or each of them provides the other with financial and domestic support and personal care. This may include a parent or sibling with whom you live. An interdependency relationship may still exist between two people if they have a close personal relationship but do not live together because either or both of them suffer from a physical, intellectual or psychiatric disability.
Legal Personal Representative	The executor of your will or the administrator of your estate.
Listed Security Administration Fee	The fee charged by the Trustee for providing you with the option to invest in and the administration of listed securities holdings on your behalf. This fee is only applicable where you 'opt in' to investing in listed securities.
Member Statement	An annual statement for your account, including a transactions summary for the financial year and other prescribed information.
Non-Binding Nomination	A nomination of preferred dependant(s) may assist us to determine whom to pay your benefit to in the event of your death. We are not bound by this nomination.
PAYG	Pay As You Go withholding tax.
Pension product	Includes allocated pension and term allocated pension.
Pensions	Pensions are provided by super funds and are established for the purpose of paying an income in retirement.
Portfolio	The mix and composition of an investor's holdings among different asset classes (or if in a single asset class, between different sectors and securities).
Primary beneficiary	The person who originally commenced the term allocated pension.
Reduced Input Tax Credits (RITC)	Refers to a portion of the GST that can be claimed back from the ATO in certain circumstances.
Release authority	An authority issued by the ATO specifying an amount to be released from the Fund in order to pay tax on contributions that exceed the annual caps.

Restricted investment	An illiquid investment for the purposes of super law relating to the portability of members' benefits. Illiquid investments are assets which either cannot be readily realised within 30 days, or where realising those assets within 30 days would have an adverse impact on their value.
Reversionary beneficiary	The person nominated by the primary beneficiary to continue the pension after the death of the primary beneficiary.
Spouse	This could be: <ul style="list-style-type: none"> • your married husband or wife • a person with whom you have a relationship registered under State or Territory law • a person with whom you live on a genuine domestic basis in a relationship as a couple. A spouse includes an opposite-sex or a same-sex de facto partner.
Super law	Includes the <i>Superannuation Industry (Supervision) Act 1993</i> , <i>Corporations Act 2001</i> , <i>Income Tax Assessment Act 1997</i> and associated regulations.
Super fund	A complying fund whose trustee has elected that the fund be regulated by the <i>Superannuation Industry (Supervision) Act 1993</i> .
Switching	The movement of monies between investment options (such as managed funds and/or listed securities) and/or between the Cash Account and investment options. Switches between managed fund investment options are processed as a redemption of units from one managed fund and the purchase of units in another managed fund from the available investment list. Switches between listed securities involve the sale of a listed security and the purchase of another listed security.
Taxable component	Tax is payable on the component of your benefits that is not included in the tax-free component.
Tax-free component	Tax is not payable on this component of your benefits. The tax-free percentage of a pension is determined on commencement of the pension and applies to all payments made thereafter (lump sum or pension). Tax is not payable on the following components of a lump sum: <ul style="list-style-type: none"> • Any non-concessional contributions plus any Government co-contributions made to the super account. • Tax-free components previously transferred into the super account.
Term allocated pension (TAP)	A complying pension that is also known as a market-linked pension or growth pension and which is paid for a fixed term. Commonwealth Government regulations specify the rules for calculating the fixed term. Access to capital is not allowed except in very limited circumstances.
Transfer/rollover	A lump sum paid within the super environment between super funds, between super products or into an income stream.
Trust Deed	The legal document governing the Fund and its operation. A trustee must comply with its trust deed.
Withdrawal	A payment made to you or for your benefit from your super fund after allowing for taxes, fees and charges (if any).

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.

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