HESTA for Mercy Income Stream

product disclosure statement

30 September 2023

your next chapter

HESTA for mercy super

what’s inside?

Annual statements, significant event notices and other legislated disclosures will be available to you digitally rather than sending them to your postal address. This means we may publish the information on our website or other digital facilities. We’ll still contact you at your nominated contact details to notify you whenever we do this to let you know the information is available and how to access it. If you’d prefer us to send information by post to your nominated contact address, you can opt-out of the digital disclosure by updating your preferences in your online account or by calling us on 1300 368 891.

10 investment options for members to suit their investment needs

Regular Income Payments

advice when you most need it

hello

1300 368 891
hestaformercy.com.au/ispds

competitive fees and clear investment goals

This Product Disclosure Statement (PDS) is issued by H.E.S.T. Australia Ltd, ABN 66 006 818 695, AFSL No. 235249, the Trustee of HESTA ABN 64 971 749 321.

A reference to the Trustee, “we”, “our” or “us” in this PDS is to H.E.S.T. Australia Limited in that capacity.

The Trustee, the underlying investment managers and the appointed custodian, do not guarantee the performance or success of the product described in this PDS, the rate of income or return from, or the repayment of, any of your investment in it.

Information in this PDS is current at the date of preparation 25 September 2023. Information in this PDS may change from time to time and may not be up-to-date at the time you receive this PDS. Information changes that are not materially adverse may be updated on our website hestaformercy.com.au A paper or electronic copy of the updated information will be made available to you upon request, without charge by calling 1300 368 891. We may from time to time issue a new or supplementary PDS which will be available at hestaformercy.com.au/ispds or by calling 1300 368 891.

If you intend to invest in the HESTA for Mercy Income Stream, you must use the application form provided in the current PDS. We are not required to accept your application.

A 14-day cooling-off period applies to your initial investment in the HESTA for Mercy Income Stream.

This PDS sets out the main services, features, benefits and risks of the HESTA for Mercy Income Stream. Before making a decision about HESTA products you should read the relevant Product Disclosure Statement, and consider any relevant risks (**hestaformercy.com.au/understandingrisk**). This PDS does not constitute an offer in any jurisdiction other than Australia.

The target market determination for HESTA for Mercy Transition to Retirement Income Stream and HESTA for Mercy Retirement Income Stream can be found at **hestaformercy.com.au/tmd**

The information in this PDS is of a general nature. It does not take into account your objectives, financial situation or specific needs so you should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this. You should be aware that the value of your investment may rise or fall. If you leave HESTA, you may get back less than the amount invested because of the level of investment returns earned by HESTA, charges and any impact of tax.

Information about advice services available to HESTA members is set out in the relevant Financial Services Guide, a copy of which is available by calling 1300 368 891. Where advice services are provided to you under the Australian Financial Services Licence of a party other than H.E.S.T. Australia Ltd, that party is responsible for the advice given to you. Fees may apply.

The persons included in this document have provided their consent to the materials and statements attributed to them, in the form and context in which they appear and have not withdrawn this consent as at the date of preparation.

About this PDS. This PDS gives you important information about the features, benefits, costs and risks of the HESTA for Mercy Income Stream, including: how you can use the product, your investment options, fees and charges, important information about tax and other regulatory matters. Please keep a copy of the PDS for future reference. The information in this PDS is current at the time of preparation. It may change due to amendments to legislation or regulations, HESTA rules or other reasons. For the most up to date information, visit **hestaformercy.com.au** email **information@hestaformercy.com.au** or call 1300 368 891.

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HESTA for mercy super

An Industry SuperFund

HESTA for Mercy income stream – a quick guide

Question	Summary	Page
Income stream … what is it?	An income stream is a flexible way of accessing regular payments from your super. You may access payments leading up to retirement under transition to retirement rules or during retirement.	4
Is there a minimum investment?	Yes, there is a minimum investment of $50,000.	5
What age can I access my super?	Your **Preservation age** is the age at which you can access your super benefits because you have retired permanently from the workforce or you satisfy a condition of release. You must have reached your preservation age to open an income stream.	5
Is there a maximum investment?	While there is no maximum amount for a transition to retirement income stream, the government has imposed limits on the amount that can be transferred into retirement phase accounts, like the HESTA for Mercy Retirement Income Stream, without potentially incurring excess tax. Unless an exception applies, the limit (known as a transfer balance cap) for the 2023/24 year of income is generally $1.9 million.	7-8
Do I have to be retired?	No. If you've reached your preservation age, you can continue working – full or part time – and start a HESTA transition to retirement (TTR) income stream.	6-9
What are my options?	A HESTA for Mercy Income Stream can help you build your super while you're still working or provide a regular income when you've retired.	
	Transition to retirement using a HESTA for Mercy TTR Income Stream	6-7
	✓ Continue working full-time and boost your super for retirement, by continuing to contribute to super (see Option 1 on page 6). ✓ Reduce your working hours without reducing your income – by topping up your employment income with income from your super.	
	Retire fully using a HESTA for Mercy Retirement Income Stream	8-10
	✓ Stop paid work and access a regular income from your super. ✓ You might be eligible for a HESTA for Mercy Retirement Reward.	
Can I choose where my money's invested?	Yes, you will need to create your own strategy from a choice of 10 individual investment options.	11-38
How can I access my money?	You decide how much you receive and how often, within government limits. You can be paid fortnightly, monthly, quarterly, half yearly or yearly into a bank, building society or credit union account in your name.	50-54
Can I withdraw my money at any time?	Yes, if you have a HESTA for Mercy Retirement Income Stream. If you have a HESTA for Mercy TTR Income Stream, withdrawals are restricted.	53
What happens to my money when I die?	You can nominate who you'd like to receive your remaining account balance on your death. You can make a non-binding, binding or reversionary beneficiary nomination.	54
Can I manage my account online?	Yes, we provide 24-hour secure online access.	57
What tax applies?	If you have a HESTA for Mercy TTR Income Stream, earnings on investments are taxed at up to 15%. If you have a HESTA for Mercy Retirement Income Stream, there is no tax on earnings. Withdrawal and payments before the age of 60 are taxed.	40

income stream... what is it?

An income stream is an investment product that provides regular income payments for a period of time.

An income stream is sometimes referred to as an account-based pension and can be a flexible way of accessing your super in the lead up to, or after retirement.

An income stream provides regular payments from money you have accumulated in super, available to you after you have reached preservation age (see page 5). We suggest you seek advice specific to your individual circumstances before opening an income stream account.

There are two options for a HESTA for Mercy Income Stream

The HESTA for Mercy Transition to Retirement (TTR) Income Stream
(available while you still work)

When you transition to retirement, an income stream account is opened alongside your super account. You continue to receive contributions from your employer into your super account, increasing your balance and earning investment returns. Your TTR Income Stream account gives you regular payments directly into your bank account.

This strategy lets you:

- boost your super account balance while you continue working (see Option 1 on page 6)
- reduce your working hours without reducing your income
- continue receiving a regular income paid directly to your bank account (within government limits)
- pay only up to 15% tax on investment earnings (instead of your usual tax rate)
- receive tax-free income payments from age 60 (tax offsets available before age 60).

The HESTA for Mercy Retirement Income Stream
(available after you retire or when you meet other conditions of release – see page 5).

It allows you to:

- access tax-free income payments from age 60 (tax offsets available before age 60)
- receive tax-free investment earnings on Retirement Income Stream investments
- have flexible payment options (within government limits)
- receive a regular income paid directly to your bank account.

Create your own strategy from a choice of 10 professionally-managed investment options, for both types of income stream (see pages 22-31).

Any remaining account balance can be paid to your chosen beneficiaries after your death (see pages 54-55 for further details on nominating a beneficiary).

Am I eligible to open a HESTA for Mercy Income Stream?

By law, super benefits must generally be set aside to fund your retirement. This means they must be kept within a complying super fund until a condition is met for benefits to be paid. To be eligible to open a HESTA for Mercy Income Stream, you need to:

- have reached your preservation age
- have a minimum of $50,000 to invest; and
- rollover your funds from a HESTA for Mercy Super account.

Conditions of release

The type of HESTA for Mercy Income Stream you can invest in will depend on what condition of release you have met.

To open a HESTA for Mercy TTR Income Stream, you must have:

- reached your preservation age and continue to work part-time or full-time (or intend to keep working).

To open a HESTA for Mercy Retirement Income Stream, you must have:

- reached your preservation age and be fully retired
- ceased an employment arrangement on or after age 60
- be age 65 or over, or
- be permanently incapacitated (see 'What's permanent incapacity?' on page 60 for full details), or be terminally ill.

If you meet one or more of the above conditions, you may be able to start accessing your super through a HESTA for Mercy Income Stream.

What's a complying fund?

A complying fund is one that qualifies for concessional tax rates – that is, reduced rates of tax compared to the full company tax rate.

Only a regulated super fund that meets the government's operational standards can be a complying fund.

Preservation age

Your preservation age is the age at which you can generally start accessing your super. The age varies according to your date of birth.

Your date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

If you've reached your preservation age and would like to access an income from your super while you work, you may be eligible to open a TTR Income Stream account.

Once you fully retire, reach age 65 or meet another condition of release, you will have access to more flexible payment rules and tax benefits on investment earnings (see page 8).

You can only invest in a HESTA for Mercy Income Stream by rolling over a benefit from a HESTA for Mercy Super account.

what are my options?

There are two options available for HESTA for Mercy Income Stream members. The option you choose will depend on what stage you're at and whether you're ready to fully retire or would like to keep working and prepare for the future.

Option 1

Transition to retirement (TTR)

Key benefits of a HESTA for Mercy TTR Income Stream

- Available if you have reached your preservation age and would like to access some of your super while you continue to work (see page 7).
- You don't have to stop work.
- You can continue contributing to super while you're still working.
- Income stream payments made between preservation age and age 59 are taxed at the rate applicable to the income tax bracket of your annual payments, less a 15% tax offset and are tax free after age 60.
- There are no restrictions on the amount of work you can do, or your level of income.

Things you need to know

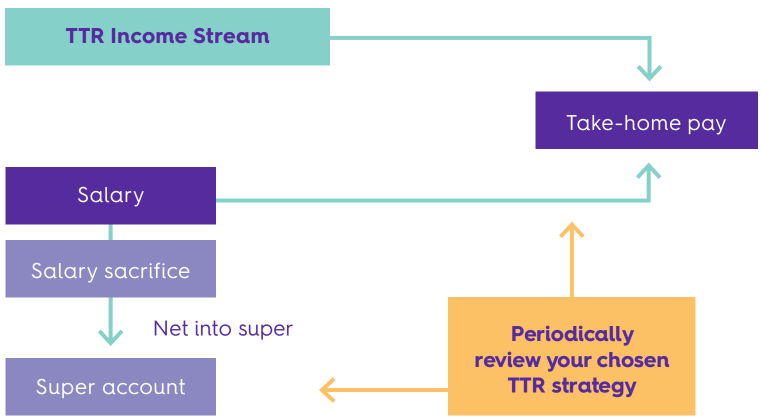
- A TTR Income Stream is non-commutable. This means you can't make lump-sum withdrawals until you reach age 65 or meet another condition of release.
- You can't receive more than 10% of your account balance in one financial year.
- Investment earnings are subject to up to 15% tax. This will be deducted before investment unit prices are declared.

This is the case unless your super has an unrestricted non-preserved component or until you satisfy a condition of release.

How TTR can work

Open a HESTA for Mercy TTR Income Stream account to provide you with payments (from your super savings) to replace the income you've used to make your salary sacrifice contributions.

Use your super account to continue receiving contributions from your employer and to make extra super contributions from your before-tax pay (known as salary sacrifice).



Work full-time and boost your super

If you've reached your preservation age and you're still working – either full or part time – a HESTA for Mercy TTR Income Stream can help you boost your super balance for when you eventually retire.

It lets you restructure the way you receive your income so your take-home pay stays the same, but your super balance grows.

Reduce your working hours without reducing your income

If you're not ready to stop working but would like to cut back your work commitments, a TTR Income Stream could allow you to reduce your hours – without reducing your income.

It can help you top up the income you forego when reducing your hours, with an income from your super. Depending on your personal situation, you could even end up with the same after-tax income as you enjoyed when working full-time – with less work commitments.

Resetting or 'rebooting' a TTR strategy

It's important to periodically review your chosen TTR strategy to ensure it continues to be as tax efficient as possible and still suits your personal circumstances.

Resetting your TTR strategy is sometimes called a 'TTR reboot'. You cannot put any more into your TTR Income Stream once it is set up. So in the event that you want to put more of your super in, you would need to set up a new TTR account (reboot).

What's involved in a TTR reboot?

A TTR reboot simply means you transfer or 'roll back' the balance of your HESTA for Mercy TTR Income Stream into your HESTA for Mercy Super account, and then close that income stream account.

Opening a new income stream account allows you to combine the balance of your previous income stream account with the balance you have accumulated in your HESTA for Mercy Super account while you've still been working.

You can use the *HESTA for Mercy Income Account withdrawal form* which can be found at **hestaformercy.com.au/forms** to combine your existing HESTA for Mercy Income Stream account with your HESTA for Mercy Super account or other Income Stream accounts into a new Income Stream account.

What are the advantages?

You may then have a larger balance in the HESTA for Mercy Income Stream environment.

The government imposes minimum and maximum drawdown limits based on a percentage of the balance of your HESTA for Mercy Income Stream account. By rebooting, you can potentially access a higher income from the income stream and contribute more into super.

TTR strategies can be complicated. We suggest you seek advice specific to your individual circumstances before changing your TTR strategy.

What happens when I meet a condition of release?

When you meet a condition of release (see page 5) you can move into the HESTA for Mercy Retirement Income Stream. This means your investment options will move into an untaxed environment and you will have no limits on how much you can withdraw. However, you will have a limit on how much you can hold in a HESTA for Mercy Retirement Income Stream and may be required to either withdraw or transfer back into super any amount in excess of your transfer balance cap (generally $1.9 million). For further details on how the HESTA for Mercy Retirement Income Stream works see page 8.

When you reach age 65, your TTR will automatically move into the HESTA for Mercy Retirement Income Stream. For other conditions of release (such as when you permanently retire from the workforce after your preservation age), you will need to notify us that you have met the condition of release.

Option 2

Retire fully from paid work – and enjoy greater flexibility

If you've met a condition of release, a HESTA for Mercy Retirement Income Stream (RIS) can help you manage your super to make the most of your savings. A retirement income stream can provide a regular income during retirement, in place of a salary from employment and complement the Age Pension if you are eligible to receive it. When taken as regular income payments, the money in your retirement income stream remains invested and the investment earnings are generally tax free.

Key benefits of a HESTA for Mercy Retirement Income Stream (RIS)

- flexibility to withdraw lump-sum payments
- continue to receive a regular income after you retire
- investment earnings (accessible after age 65 or when you retire permanently from the workforce, or have met another condition of release) are generally tax free, whereas investment earnings from a super account or transition to retirement income stream are subject to up to 15% tax
- payments from your income stream are tax free from age 60.

A Retirement Income Stream is for:

- people who have reached age 65 or met another condition of release (explained on page 5)
- people who have been using a TTR Income Stream while continuing to work, who are now ready to stop working. When you are ready to retire, contact us on 1300 368 891 to help you convert your TTR Income Stream into a Retirement Income Stream so you can enjoy the benefits of untaxed investment earnings.

Things you need to know about

The maximum amount you can transfer into the retirement phase[1] of an income stream is $1.9 million or your personal transfer balance cap[2], without potentially incurring excess tax. This maximum applies to the total balance across all your income streams.

1 **What is the retirement phase?**
The retirement phase of an income stream is the phase when you have met a condition of release and as a result, investment earnings are untaxed. A TTR Income Stream is not in the retirement phase and as a result investment earnings are taxed at up to 15% (see page 40).

2 **What is a personal transfer balance cap?**
The transfer balance cap applies to everyone who is receiving an income stream benefit after meeting a condition of release. The transfer balance cap is a limit on the total amount of superannuation that can be transferred into the retirement phase of an income stream. For the 2023/24 year of income, the general transfer balance cap is $1.9 million, however individuals will have their own personal transfer balance cap (between $1.6 million and $1.9 million) based on their circumstances. There may be some exceptions that apply. The general transfer balance cap of $1.9 million will increase from time to time in $100,000 increments in line with movements in the CPI each year. The cap applies to all your retirement phase accounts. You can check your transfer balance cap at **my.gov.au** For more information visit **ato.gov.au**

Centrelink income test deeming arrangements were extended to new superannuation account-based income streams started from 1 January 2015. If you started your income stream prior to this date, you will continue to be assessed under the old rules and should seek advice before making any changes to your income stream, such as rebooting.

What happens if my retirement income stream exceeds the transfer balance cap?

If your retirement income stream exceeds your transfer balance cap, the Australian Taxation Office (ATO) will send you a request to withdraw the excess from your account. If you do not respond, the ATO may request HESTA to withdraw an amount on your behalf. If we receive a notice we will attempt to contact you within 60 days. If we are unable to contact you, HESTA is required to comply with the commutation request and will transfer the amount into a HESTA for Mercy Super account. Your transferred funds will be invested in investment options that as closely as possible resemble your retirement income stream investment options. To find out more about HESTA for Mercy Super please read the PDS at **hestaformercy.com.au/pds**

What if I need a little extra to top up my income stream in retirement?

If you're ready to retire, but don't have enough, you may be able to combine your income stream payments with the Age Pension, depending on your assets and income.

Am I eligible for the Age Pension?

To qualify for the Age Pension, you must meet Centrelink's age and residence requirements.

Age Pension eligibility depends on when you were born. Women born before 1 January 1949 reach qualifying age at 64 and a half, and women born between 1 January 1949 and 30 June 1952 at age 65. Qualifying age for men born before 1 July 1952 is age 65.

On 1 July 2017, the qualifying age for the Age Pension increased to 65 and a half years and will rise by six months every two years, reaching 67 by 1 July 2023. Refer to the following table.

Date of birth	Qualifying age
1 July 1952 to 31 December 1953	65 years and 6 months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and 6 months
From 1 January 1957	67 years

If you're eligible, Centrelink will work out the Age Pension payable to you using its assets and income tests.

The test resulting in the lower benefit amount (or zero) will apply.

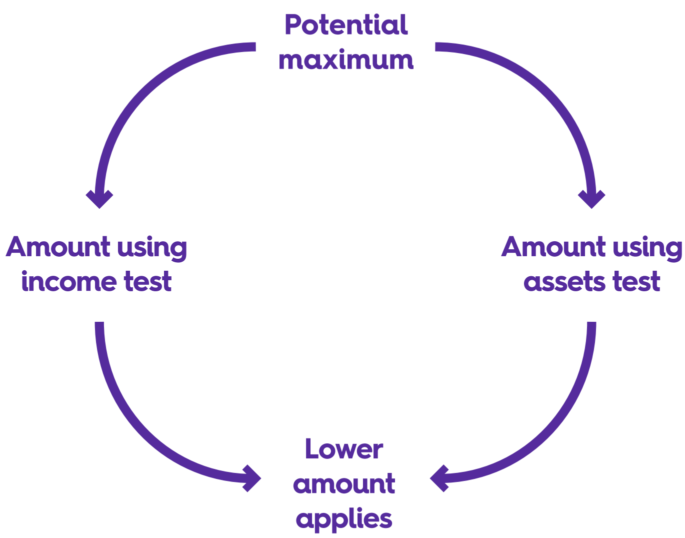
Age Pension assets test

The assets test allows you to hold a certain level of assets to qualify for the maximum pension amount. Your family home and up to two hectares of surrounding land aren't included in the assets test. If you don't own your home, you can have more assets before your pension is affected. Your HESTA for Mercy Income Stream is counted as an asset for the assets test.

Age Pension income test

The income test allows you to earn a certain level of income before it affects Age Pension benefits. For example, you may generate an income from a rental property, employment or your regular income stream payments. All of these elements are included in the Age Pension income test. Earnings from financial investments are also included in the income test. Centrelink applies a 'deemed' earning rate to your financial investments, which is an assumed rather than actual rate of return.

To see if you're eligible for the Age Pension and to find out the most current income and assets test thresholds, visit servicesaustralia.gov.au or call 13 23 00.



retirement reward

When you take up a HESTA for Mercy Retirement Income Stream, you may be eligible to receive the HESTA for Mercy Retirement Reward.

The HESTA for Mercy Retirement Reward is actually a tax saving. And we want to pass it on to you when you retire.

You don't even need to apply. The Reward is automatically added to your account when you open it, whether you move from a HESTA for Mercy Transition to Retirement (TTR) Income Stream account.

Are you eligible?

You'll receive the Reward if:

- you take up a HESTA for Mercy Retirement Income Stream;
- you have held a HESTA for Mercy Super or TTR account for six months or more, and;
- you've been invested in one or more of the investment options on the right for six months or more.

How much will you get?

The amount you'll receive varies and may sometimes be zero. This depends on:

- which option(s) you're invested in;
- how long you have been invested in your investment options;
- your balance history in each investment option;
- how much you transfer into your new retirement income stream; and
- the Fund's tax position at the time you transfer into a HESTA for Mercy Retirement Income Stream[1].

Does the HESTA for Mercy Retirement Reward count towards my concessional contribution cap?

No, the HESTA for Mercy Retirement Reward won't count towards your concessional contribution cap.

Does the HESTA for Mercy Retirement Reward count towards the transfer balance cap?

Yes, your HESTA for Mercy Retirement Reward will count towards your transfer balance cap (generally $1.9 million). The transfer balance cap is the limit on the total amount of superannuation that can be transferred into the retirement phase.

You will need to make sure that the amount you transfer from your super or TTR account, plus your HESTA for Mercy Retirement Reward and any other money you may hold in other retirement phase products, doesn't exceed this cap.

Retirement Reward eligible investment options

Ready-Made options
Conservative
Balanced Growth
Indexed Balanced Growth
Sustainable Growth
High Growth
Your Choice options
Property and Infrastructure
International Shares
Australian Shares

Claw back

If you redeem more than 50% of your opening balance in the first six months, the Trustee reserves the right to claw back the total HESTA for Mercy Retirement Reward.

If you close your account in the first six months of joining, the Trustee reserves the right to deduct the total HESTA for Mercy Retirement Reward from the balance before the remainder is paid to you.

For more about the HESTA for Mercy Retirement Reward visit **hestaformercy.com.au/retirementreward**

1 In times of severe market decline, where there is a risk that the market volatility can reduce the level of tax savings we can pass onto you, this may reduce the Retirement Reward to zero for eligible investment options.

investing your savings

HESTA for Mercy Income Stream offers you a range of investment choices.

The investment choice you make will depend on your personal circumstances and tolerance for risk.

Choosing the right investment for you

Determine which investment option best meets your needs

how long you want your investment to last

the length of time you intend to invest

how much risk you're willing to accept

your desired return

how often you intend to withdraw funds

create your own strategy from a range of investment options

your guide to investment terms

Some investment terminology may be new to you.
Read on to get a better understanding of commonly used terms.

Asset

Something that can be held or sold for the purpose of earning a return.

Asset classes

A group of similar assets. Some examples of asset classes include shares, debt, and cash. Each asset class has a different level of expected risk and return.

Asset allocation ranges

These ranges set the maximum and minimum amount that can be invested in an asset class.

Indices

The indices we use as investment option benchmarks are:

Bloomberg Global Aggregate ex Australia Index

Includes global investment grade debt of all maturities and covers both developed and emerging markets issuers.

Bloomberg AusBond Bank Bill Index

This index measures the performance of an investment in major bank issued money market securities.

Bloomberg AusBond Composite 0+ Year Index

This index includes investment grade debt of all maturities issued in the Australian debt market.

Consumer Price Index (CPI)

Consumer Price Index is a measure of quarterly changes in the price of everyday goods and services – i.e. groceries, transport, medical care etc. Changes in CPI are used to measure changes in the cost of living.

MSCI All Country World (ACWI) Ex-Australia Index (unhedged in AUD)

This index tracks large and mid-cap shares from developed and emerging market countries excluding Australia.

S&P/ASX 300 Accumulation Index

This index includes up to 300 of Australia's largest securities by float-adjusted market capitalisation. The index assumes that all dividends are re-invested, so it measures both price growth and dividend income.

Passive versus active investment management

Passive investment management aims for returns very close to a market index. Active investment management tries to outperform the market by researching, monitoring and choosing investments that the managers believe can deliver a better return than the market index.

Active managers often expect to charge a higher fee for this outperformance. An investor will pay higher fees using active strategies. If outperformance is achieved, however, the investor should also benefit from higher returns net of any fees paid.

HESTA only employs active managers where we believe they can achieve sufficient outperformance to justify the higher fees that they charge. It is important when considering an investment option to not only look at the investment costs but also the long-term performance. Where appropriate, investment options are managed by a combination of active and passive managers.

Portfolio

A range of investments across a group of asset classes, managed together to help achieve a single performance objective.

Strategic asset allocation

The proportion of each HESTA investment option that may be invested in each asset class to achieve the option's long-term risk and return objectives. The strategic asset allocation is the main influence on the expected return of any option.

asset classes we invest in

Each investment option contains one or more of the asset classes described below:

Asset class	Description [1]	Risk and return characteristics
Cash	Applies to the Cash asset class in the **Cash and Term Deposit** investment option only. Money invested in: • bank deposit products including term, structured and at call deposits • bank accepted bills, negotiable certificates of deposit and other qualifying money market securities • short-dated debt securities with strong levels of liquidity • other cash-like instruments with high liquidity.	• all returns expected from income • very stable lower-risk investment with a low probability of negative returns • low expected long-term rate of return • defensive asset.
	Applies to the Cash asset class in **all other investment options.** Money invested in: • bank deposit products including term, structured and at call deposits • bank accepted bills, negotiable certificates of deposit and other qualifying money market securities • a broader allocation to short-dated debt securities with strong levels of liquidity, including high quality asset backed securities • other cash-like instruments with high liquidity.	• all returns expected from income • very stable lower-risk investment with a low probability of negative returns • low expected long-term rate of return • defensive asset.
Global Debt	Government bonds • government and government related bonds. Credit • corporate fixed and floating rate securities, private debt, asset backed, structured and securitised credit that include investment grade, and selective sub-investment grade instruments.	• government bonds have an expected low level of risk and returns • credit may earn higher returns than cash and government bonds, with a mix of higher and lower risk exposures • generally considered defensive assets.
Property	• includes investments in office buildings, industrial warehouses and shopping centres • returns generated from rental income and capital growth, giving assets both defensive and growth characteristics.	• investments may have a mix of higher and lower-risk exposures • defensive property is expected to earn most of its returns from rental income and has a moderate level of risk • growth property expected to earn most of its returns from capital gains • considered moderate to higher-risk investment • can earn better returns than cash or global debt.

Asset class	Description [1]	Risk and return characteristics
Infrastructure	• includes roads, airports, power generation and other key community assets • assets are typically large scale and may be considered as improving a country's economic development • can take many forms, including direct ownership (equity) in a development, operating business or asset • has growth and defensive characteristics i.e. returns from both ongoing income and capital growth.	• investments may have a mix of higher and lower-risk exposures • defensive infrastructure is expected to earn most of its returns from income and has a moderate level of risk • growth infrastructure is expected to earn most of its returns from capital gains • considered moderate to higher-risk investment • can generate better returns than cash, global debt and property.
Australian and international shares	• listed shares (equities) provide ownership interest in a company • Australian shares account for a small percentage of the world share market but represent an important source of returns for the HESTA portfolio • international shares represent developed and emerging markets, and provide exposure to foreign currency and the related diversification benefits • emerging markets can offer a chance of higher returns but tend to have a higher risk profile than developed economies.	• returns come primarily from capital gains (increase in share price) • a smaller proportion of return is derived from income (dividends) • considered growth investments • as listed shares are typically more volatile than other asset classes, they are the main contributor to a diversified portfolio's total risk • considered a higher risk investment • over the long-term shares are expected to earn higher returns than cash, global debt, property or infrastructure.
Private equity	• predominantly investments in unlisted companies (i.e. not on stock exchange) • sectors can include technology, healthcare and other emerging trends.	• returns primarily from capital gains • strategies may target higher returns over medium-term or longer in term • less liquid (not easily traded) and investment style is longer-term • considered a higher-risk investment.
Alternatives	• alternatives includes a broad range of strategies designed to invest in thematics, take advantage of market mispricing, and/or provide diversification to the portfolio over the economic cycle. These are generally strategies that don't naturally conform to the definition of traditional asset classes.	• return and risk expectations are moderate to high • returns rely on the performance of certain identifiable characteristics/factors/thematics • strategies can include complex and less liquid investment structures.

1 Actual investments in an asset class may include some or all of the types of investments described for that asset class at any given time.

understanding risk and return

risk

the chance the amount earned (the returns) on your investments is different (higher or lower) than what you expect.

return

how much you earn on your investment.

higher return, more risk

Generally, the higher the expected return for an investment, the higher the investment risk.

Investing always involves some degree of risk. The level of risk will depend on the nature of the underlying investments and the approach taken to achieve a return.

An investment's value reflects the value of its underlying assets. This can change as the market value of those assets rises or falls or, for some investments, as you receive income from that investment.

Your attitude to risk

Before you choose an investment strategy, think about how prepared you are for changes in your investment returns and account balance.

Your attitude to risk is likely to change over time. You should regularly review your investment strategy to make sure it still meets your needs.

Standard Risk Measure – probable number of negative returns

The probable number of negative returns over 20 years is calculated in accordance with a Standard Risk Measure that all super funds are required to use. This measure is designed to make it easier for members to compare investment options.

The Standard Risk Measure describes risk based on how many negative annual returns you can expect over 20 years, but it doesn't provide information on the sequencing of when those negative returns may occur.

Risk level

The risk level relates to the Standard Risk Measure. This allows you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is forward-looking and uses a range of capital market assumptions (return, correlations and volatility) for each asset class and actual outcomes may vary.

These assumptions are informed by historical investment information. Real investment performance may differ from this theoretical modelling and past performance is no guarantee of future investment returns.

While designed to help you better understand the potential risk of an investment option, the Standard Risk Measure does not show you:

- how big a negative return might be
- if returns will meet your investment objectives
- other investment risks.

You should ensure you are comfortable with the risks and potential losses associated with your chosen option.

Types of investment risk

All investing carries varying degrees of risk, depending on the nature of the underlying investments and the approach taken to achieve each investment's objective.

Risk	Explanation
Market	Includes factors that affect investment markets, like domestic and international economic conditions, interest rates, exchange rates, inflation, government policy, current valuation levels and market sentiment. These factors can affect various investments differently at different times or may have an impact on returns from all investments in that market.
Company	Unexpected changes in a company's operations or business environment may affect the value of an investment in that company.
Country	Investment markets outside Australia may be exposed to risks not associated with Australian investments. Such risks include different economic conditions and foreign currency exposures, different political and regulatory environments and different interest rates.
Currency	Changes in exchange rates may adversely affect the translated value of investments made outside Australia in other currencies.
Interest rate	Changes in interest rates may affect the value of investments or investment returns.
Liquidity	The risk a fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments.
Climate change	Climate related risks that can affect the value of investments or investment returns include: • physical risks (those related to the physical impacts of climate change on both the natural and built environment, such as extreme weather events, chronic heat waves, sea-level rise, erosion and biodiversity loss); • transition risks (risks associated with the response of governments, markets and society to climate change); and • liability risks (the risk that inaction or lack of adequate management of climate change could result in regulatory action or litigation).
Credit	The risk another party will fail to perform its contractual obligation relating to the fund's investment, resulting in a financial loss to the fund.
Investment management	Investment managers try to understand and manage investment risk. There is a risk that investment managers may underperform the market.
Concentration	The risk of amplified losses that may occur from having a substantial portion of a portfolio in a specific investment, sector or asset class.
Valuation	The risk that the values of Fund assets are not calculated with sufficient frequency or accuracy, impacting investment option returns and financial statements.

Other risks

Risk	Explanation
Operational	This is the risk of loss resulting from inadequate or failed internal processes and controls, people and systems or external events.
Sequencing	The risk that the order or timing of negative investment returns may impact the value of a portfolio of investments. Positive or negative returns have more impact depending on when they occur. Sequencing risk increases as contributions and/or investment account balances increase. If a period of poor performance is experienced near to or early in retirement, this can have a significant impact on how long savings may last, particularly if funds need to be withdrawn to pay an income stream.
Legislative	The laws that impact on super, including tax laws, are subject to change. These changes may affect the tax effectiveness or value of your investment, or your ability to access it.
Adequacy	This is the risk that your savings will not be adequate to provide your desired level of income in retirement.
Longevity	This is the risk that you will live longer than your savings can provide for you financially in your retirement.

risk profiles

Your risk profile is a measure of how much investment volatility you are comfortable to experience. It can also depend on the length of time you are invested.

All investment options experience volatility, therefore, the value of investments will rise and fall with market conditions. Some investment options are more volatile than others. It is important to select an investment option that you are comfortable to hold for the recommended minimum time frame.

Your risk profile may change over time with your life circumstances and financial situation. Below are five typical types of risk profiles. They are general descriptions only and your individual needs may be different. You should consider discussing your personal circumstances with an adviser before making an investment choice.

Risk profile name	Detailed risk profile description
Very cautious	• Your preference is to experience very little investment volatility. • You are prepared that your investments may experience very little growth. As a trade-off, the value of your investments will be relatively stable over time. • You will be invested in defensive assets. • Your minimum investment timeframe is less than 1 year.
Cautious	• Your preference is to experience a small amount of investment volatility. • You are prepared that your investments may experience small growth. As a trade-off, the value of your investments will be relatively stable over time. • You will mostly be invested in defensive assets. • Your minimum investment timeframe is 1 to 3 years.
Moderate	• You are comfortable to experience a moderate amount of volatility. • You are comfortable that your investments may partially rise or fall in value at any point in time. • Your investments will be split roughly evenly between defensive and growth assets. • Your minimum investment timeframe is 3 to 5 years.
Ambitious	• You are comfortable to experience volatility. You recognise that volatility and long-term growth are mutual. • You are comfortable that your investments may rise or fall in value at any point in time. • You will be mostly invested in growth assets. • Your minimum investment timeframe is 5 to 7 years.
Very ambitious	• You are comfortable to experience relatively higher volatility. You recognise that volatility and long-term growth are mutual. • You are comfortable that your investments may significantly rise or fall in value at any point in time. • You will be substantially invested in growth assets. • Your minimum investment timeframe is 7 to 10 years.

asset classes

Mixing assets is key to managing risk

To manage the risk investing always carries, you can spread your investments across a range of asset classes to reduce the impact if any one of these underperform. This is called 'diversification'.

That's because each asset class behaves in a different way. As one asset class rises another may fall. Carefully managing the relationship between various asset classes can produce a group or portfolio of investments with a lower risk for the targeted return. This is how we've structured our Ready-Made Options (pages 24-28).

Asset classes fall into two groups:

Growth asset	Defensive asset
• generally higher risk than defensive assets • returns generally from change in capital value rather than income • returns likely to be more volatile but are expected to be higher over the long term • have a higher probability of a negative return in any one year (see probable number of negative returns for each investment option pages 24-31)	• lower risk but generally lower returns over the long-term • returns generally from income rather than a change in capital value • likely to produce lower volatility in return • lower chance of negative return in any one year • still have some risk — for example, bonds drop in value when interest rates rise.

What about market conditions?

The risk and return of an investment will also depend on market conditions (rising, steady, falling) when you invest. Investing in an asset after markets have risen may expose your savings to a higher risk of a drop in value. This is a reason why investing in last year’s best performing asset class can lead to disappointing investment performance.

HESTA for Mercy income stream investment choices

What is the difference between the HESTA for Mercy TTR Income Stream and Retirement Income Stream investment options?

The investment options available to TTR and Retirement Income Stream are not exactly the same. A different unit price will apply depending on which income stream you are invested in.

When you open a TTR Income Stream investment earnings are taxed at up to 15%. If you open a Retirement Income Stream, investment earnings are generally tax-free and deemed to be in the retirement phase (see page 8).

If you are in a TTR Income Stream and meet a condition of release (see page 5) you need to move to the HESTA for Mercy Retirement Income Stream (see page 7 for more details). We will do this automatically for you once you turn age 65, but for all other conditions of release you will need to tell us if and when you meet one of them.

When starting your HESTA for Mercy Income Stream, you must create your own strategy from a choice of 10 individual investment options.

Will a lower risk investment generally produce a lower return?

Yes, lower risk investments usually produce lower returns over the long term. While higher risk investments generally produce higher returns over the long term, they are more volatile and have a higher likelihood of negative returns.

HESTA for Mercy Income Stream investment options

There are two main categories of HESTA for Mercy Income Stream investment options:

1. Ready-Made Options[1]

- Balanced Growth
- Conservative
- Indexed Balanced Growth
- Sustainable Growth
- High Growth

Ready-Made Options spread your investment across different asset classes. They suit an investor who wants to diversify their investments, but who doesn't want to tailor their own portfolio.

Investment objectives for Ready-Made Options

All our Ready-Made Options have Consumer Price Index (CPI) + investment targets. For a definition of CPI see page 12. Each option has a long-term investment objective. Investment objectives are not a guarantee of performance, but reflect what HESTA thinks is an achievable return for a particular option, given its level of investment risk.

Each option uses a different mix of asset classes — known as the strategic asset allocation to pursue its objectives.

Each option has a long-term strategic asset allocation, and these targets, as shown on pages 24-28 are accurate as at the date of the PDS. Included are also an agreed strategic asset allocation range. Actual allocations may deviate from their long term targets but stay within the range (also shown in the tables). This allow us to adjust investments according to changing market conditions that can change the relative value of different asset classes to take advantage of emerging opportunities or to avoid developing risks.

1 Note: the name of each option indicates intent only and doesn't offer a guarantee of investment performance. We recommend you seek professional financial advice before making any decision about your investments.

2. Your Choice Options

- Cash and Term Deposits
- Diversified Bonds
- Property and Infrastructure
- International Shares
- Australian Shares

Your Choice Options let you tailor your own portfolio, or invest in a specific asset class, such as Australian shares.

You can choose your own asset allocation (where you want to invest) and the level of risk you want to take. Create your own asset mix or seek exposure to the asset class/classes from the five Your Choice Options above.

Investment objectives for Your Choice Options

Your Choice Options have investment objectives based on market indices for each asset class (apart from Your Choice – Property and Infrastructure, see below). Asset class indices are widely used in the super industry. This makes it easier to compare our Your Choice Options with similar asset class-specific investment options.

These indices also give members better insight into the long-term performance of Your Choice Options compared with the markets for these asset classes. You can read more about the indices that make up relevant benchmarks on pages 12-13.

We use a CPI-based investment objective for Your Choice – Property and Infrastructure.

Each Your Choice Option is primarily invested in the named asset class/classes, but may have a strategic asset allocation to cash to help manage liquidity.

What are the assets in each option?

Please refer to pages 24–31 for the strategic asset allocation and ranges for each of the HESTA for Mercy Income Stream investment options.

Additional considerations for all options

- for practical purposes, long term means 10 years
- managers may hold a small percentage of their mandate in cash for portfolio management purposes
- risk/return profiles are based on capital market assumptions. Actual outcomes and relative risk and return may vary.

ready-made options

Ready-Made Options	Balanced Growth	Conservative
Description	Invests in a wide range of mainly shares, debt and infrastructure, with some property, private equity, alternatives, and cash investments. With a higher exposure to growth assets, this option may experience high volatility.	Invests in a range of mainly debt and cash, with some exposure to shares, alternatives, property and infrastructure. With less exposure to growth assets and more exposure to defensive assets, this option may experience low volatility.
Investment return objective# long-term	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 3.5% (p.a.) TTR: CPI + 3.0% (p.a.)	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 2.0% (p.a.) TTR: CPI + 1.5% (p.a.)
Probable number of negative annual returns over 20 years	4 to less than 6	2 to less than 3
Risk level	High	Medium
Suggested minimum investment timeframe	5 to 7 years	1 to 3 years
Type of investor this option may suit	Ambitious	Cautious

Overall growth/defensive split*

Balanced Growth

Growth	68%
Defensive	32%

Conservative

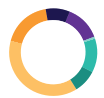
Growth	34%
Defensive	66%

Strategic asset allocation

Balanced Growth

Asset class	Strategic allocation	Allocation range
Australian shares	22%	15 - 40%
International shares	31%	15 - 45%
Private Equity	5%	0 - 15%
Alternatives	2%	0 - 15%
Infrastructure	10%	5 - 25%
Property	6%	0 - 20%
Global debt	19%	0 - 35%
Cash	5%	0 - 30%
Currency exposure+	19.5%	0 - 35%

Conservative



Asset class	Strategic allocation	Allocation range
Australian shares	9%	5 - 20%
International shares	13%	5 - 20%
Private Equity	-	-
Alternatives	1%	0 - 15%
Infrastructure	12.5%	0 - 25%
Property	8.5%	0 - 20%
Global debt	38%	25 - 55%
Cash	18%	10 - 30%
Currency exposure+	9.5%	0 - 25%

Investment fees and costs and Transaction costs ^

Balanced Growth

Retirement Income Stream (RIS)		Transition to Retirement (TTR)	
RIS Investment fees and costs	0.41% p.a.	TTR Investment fees and costs	0.61% p.a.
RIS Transaction costs	0.04% p.a.	TTR Transaction costs	0.05% p.a.

Conservative

Retirement Income Stream (RIS)		Transition to Retirement (TTR)	
RIS Investment fees and costs	0.37% p.a.	TTR Investment fees and costs	0.39% p.a.
RIS Transaction costs	0.04% p.a.	TTR Transaction costs	0.03% p.a.

^Investment fees and costs and transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

^Investment fees and costs and transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

ready-made options (continued)

Ready-Made Options	Indexed Balanced Growth	Sustainable Growth
Description	Invests in a mix of low-cost asset class strategies that aims to closely match index returns. With a high exposure to growth assets, this option may experience high volatility.	This option seeks to avoid exposure to particular activities and tilt investment towards companies and assets whose activities are thematically aligned with one or more of the UN Sustainable Development Goals (SDGs). Invests in shares, debt and property, with some private equity, alternatives, infrastructure and cash investments. With a higher exposure to growth assets, this option may experience high volatility.
Investment return objective# long-term	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 2.5% (p.a.) TTR: CPI + 2.0% (p.a.)	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 3.5% (p.a.) TTR: CPI + 3.0% (p.a.)
Probable number of negative annual returns over 20 years	4 to less than 6	4 to less than 6
Risk level	High	High
Suggested minimum investment timeframe	5 to 7 years	5 to 7 years
Type of investor this option may suit	Ambitious	Ambitious

Overall growth/defensive split*

Indexed Balanced Growth

Growth	75%
Defensive	25%

Sustainable Growth

Growth	72%
Defensive	28%

Strategic asset allocation

Indexed Balanced Growth

Asset class	Strategic allocation	Allocation range
Australian shares	33%	25 - 40%
International shares	42%	35 - 50%
Private Equity	-	-
Alternatives	-	-
Infrastructure	-	-
Property	-	-
Global debt	20%	15 - 25%
Cash	5%	0 - 10%
Currency exposure+	21%	0 - 35%

Sustainable Growth

Asset class	Strategic allocation	Allocation range
Australian shares	24.5%	20 - 45%
International shares	35.5%	20 - 45%
Private Equity	5%	0 - 15%
Alternatives	2%	0 - 15%
Infrastructure	3.5%	0 - 20%
Property	7.5%	0 - 20%
Global debt	17%	5 - 30%
Cash	5%	0 - 15%
Currency exposure+	22.5%	0 - 35%

Investment fees and costs and Transaction costs ^

Indexed Balanced Growth

Retirement Income Stream (RIS)		Transition to Retirement (TTR)	
RIS Investment fees and costs	0.04% p.a.	TTR Investment fees and costs	0.04% p.a.
RIS Transaction costs	0.01% p.a.	TTR Transaction costs	0.01% p.a.

Sustainable Growth

Retirement Income Stream (RIS)		Transition to Retirement (TTR)	
RIS Investment fees and costs	0.94% p.a.	TTR Investment fees and costs	0.95% p.a.
RIS Transaction costs	0.04% p.a.	TTR Transaction costs	0.04% p.a.

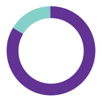
^Investment fees and costs and transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

^Investment fees and costs and transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

ready-made options (continued)

Ready-Made Options	High Growth
Description	Invests in a wide range of primarily Australian and international shares, infrastructure and private equity, along with some exposure to alternatives, property, debt and cash. With the highest allocation to growth assets across our Ready-made options, this option may experience very high volatility.
Investment return objective# long-term	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than long-term: RIS: CPI + 4.5% (p.a.) TTR: CPI + 4.0% (p.a.)
Probable number of negative annual returns over 20 years	4 to less than 6
Risk level	High
Suggested minimum investment timeframe	7 to 10 years
Type of investor this option may suit	Very ambitious

Overall growth/defensive split*



Growth	84%
Defensive	16%

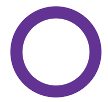
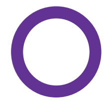
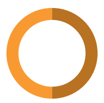
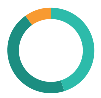
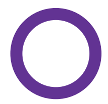
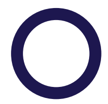
Strategic asset allocation

Asset class	Strategic allocation	Allocation range
Australian shares	32%	20 - 45%
International shares	34.5%	25 - 55%
Private Equity	8%	0 - 20%
Alternatives	2%	0 - 15%
Infrastructure	9.5%	0 - 20%
Property	6%	0 - 10%
Global debt	5%	0 - 15%
Cash	3%	0 - 15%
Currency exposure+	24.5%	0 - 50%

	Retirement Income Stream (RIS)		Transition to Retirement (TTR)	
Investment fees and costs and Transaction costs ^	RIS Investment fees and costs	0.42% p.a.	TTR Investment fees and costs	0.77% p.a.
	RIS Transaction costs	0.04% p.a.	TTR Transaction costs	0.05% p.a.

^Investment fees and costs and transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

your choice options

Your Choice Options	Cash and Term Deposits	Diversified Bonds	Property and Infrastructure	International Shares	Australian Shares
Description	Invests in a range of at-call bank deposits and short-dated term deposits, and may have a small allocation to other cash investments. It is expected to deliver a return above the official RBA cash rate over the long term.	Invests in Australian and international government bonds and other debt. This option is expected to earn a higher return than cash and may experience low volatility.	Invests in Australian and global property and infrastructure, along with some cash. This option is expected to earn a higher return than cash and global debt and may experience moderate volatility.	Invests in a range of companies listed on stock exchanges around the world. With a full allocation to shares, this option may experience very high volatility.	Invests in a range of companies listed on the Australian stock exchange, as well as a few that aren't. With a full allocation to shares, this option may experience very high volatility.
Investment return objective# long-term	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than the return (net of tax## for TTR) of the Bloomberg Ausbond Bank Bill Index.	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than the return (net of tax## for TTR) of the combination of: • 50% Bloomberg AusBond Composite 0+ Year Index • 50% Bloomberg Global Aggregate ex Australia Index Hedged to $A.	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than: RIS: CPI + 3.5% (p.a.) TTR: CPI + 3.0% (p.a.)	Over the long term, to earn a return (after-tax for TTR), after investment fees and indirect costs, equivalent to or higher than the return (net of tax##) of MSCI All Country World Ex-Australia Index (unhedged in AUD).	Over the long term, to earn a return (after-tax for TTR and adjusted for tax credits for RIS), after investment fees and indirect costs, equivalent to or higher than the return of the S&P/ASX 300 Accumulation Index (net of tax## for TTR and adjusted for tax credits for RIS).
Probable number of negative annual returns over 20 years	Less than 0.5	2 to less than 3	3 to less than 4	4 to less than 6	6 or greater
Risk level	Very low	Medium	Medium to High	High	Very high
Suggested minimum investment timeframe	Less than 1 year	1 to 3 years	3 to 5 years	7 to 10 years	7 to 10 years
Type of investor this option may suit	Very Cautious. Or an investor seeking to create their own portfolio, who would like to include cash, cash products and term deposits, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include debt and other fixed interest investments, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include property and infrastructure, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include international shares, or seeking exposure to this asset class.	An investor seeking to create their own portfolio, who would like to include Australian shares, or seeking exposure to this asset class.
Overall growth/defensive split*	 Growth 0% Defensive 100%	 Growth 0% Defensive 100%	 Growth 50% Defensive 50%	 Growth 100% Defensive 0%	 Growth 100% Defensive 0%
Strategic asset allocation for Retirement Income Stream (RIS) and Transition to Retirement (TTR)**	 Asset class / Strategic allocation / Allocation range Term deposits 50% 0 - 60% Cash 50% 40 - 100% Currency exposure+ - -	 Asset class / Strategic allocation / Allocation range Global debt 100% 50 - 100% Cash 0% 0 - 50% Currency exposure+ - -	 Asset class / Strategic allocation / Allocation range Infrastructure 45% 30 - 70% Property 45% 30 - 70% Cash 10% 0 - 30% Currency exposure+ 0% 0 - 100%	 Asset class / Strategic allocation / Allocation range International Shares 100% 90 - 100% Cash 0% 0 - 10% Currency exposure+ 100% 0 - 100%	 Asset class / Strategic allocation / Allocation range Australian Shares 100% 90 - 100% Cash 0% 0 - 10% Currency exposure+ - -
Investment fees and costs and Transaction costs^	RIS Investment fees and costs 0.01% p.a. RIS Transaction costs 0.00% p.a. TTR Investment fees and costs 0.01% p.a. TTR Transaction costs 0.00% p.a.	RIS Investment fees and costs 0.30% p.a. RIS Transaction costs 0.00% p.a. TTR Investment fees and costs 0.28% p.a. TTR Transaction costs 0.00% p.a.	RIS Investment fees and costs 0.76% p.a. RIS Transaction costs 0.08% p.a. TTR Investment fees and costs 0.83% p.a. TTR Transaction costs 0.09% p.a.	RIS Investment fees and costs 0.37% p.a. RIS Transaction costs 0.04% p.a. TTR Investment fees and costs 0.37% p.a. TTR Transaction costs 0.04% p.a.	RIS Investment fees and costs 0.13% p.a. RIS Transaction costs 0.04% p.a. TTR Investment fees and costs 0.16% p.a. TTR Transaction costs 0.04% p.a.

^Investment fees and costs and Transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years.
The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
# The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
Estimated tax rate provided by an external investment consultant.
+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

^Investment fees and costs and Transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates, including performance fees which are required to be disclosed as an average over the past five financial years.
The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years.
* The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.
# The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.
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+ Currency exposure shows the strategic foreign currency exposure and the strategic foreign currency exposure range. We have the discretion to change the strategic foreign currency exposure at any time, within the ranges shown here.

Our approach to responsible investment

Responsible investment is an approach to investing that incorporates the consideration of environmental, social and governance (ESG) risks and opportunities in investment decision making and active ownership[1] to promote the best financial interests of members.

Our Responsible Investment Policy can be found at **hesta.com.au/responsible** and outlines our principles and commitments that direct our approach to responsible investment. This includes the selection and monitoring of our managers and our active ownership approach which includes engagement, voting and advocacy.

We seek to partner with managers that are aligned with our beliefs and corporate values, including our commitment to responsible investment. While all managers are expected to allocate appropriate resources to identify and respond to material responsible investment factors, the way and extent to which managers incorporate these into investment analysis and decision making and the standards used to asses investments will differ across the portfolio and are dependent on the relevance of a factor to each asset class and the style of the investments strategy (and subject to the exclusions listed on p.35 - 36).

Examples of the type of responsible investment factors that may be considered include:

Environmental	Social	Governance
Climate change	Human rights	Culture
Resource scarcity & efficiency	Labour standards	Executive remuneration
Pollutions & Waste	Health & wellbeing	Bribery & Corruption
Biodiversity	First Nations rights & relations	Board diversity & composition
	Modern Slavery	Lobbying
	Diversity	Taxation practices
	Supply Chain Management	Corporate accountability & transparency
	Stakeholder engagement & communities	Shareholder rights

1 **https://www.unpri.org/investment-tools/stewardship/active-ownership-20**

As part of our due diligence process, our listed and unlisted managers are asked to describe how breaches of international laws, standards and frameworks related to human rights, labour rights and environment are identified and mitigated as part of the investment process and are required to report any instances of non-compliance. For example, when considering labour issues, our managers may be informed by international standards such as: the UN Universal Declaration of Human Rights or International Labour Organization's International Labour Standards. When assessing how a company is managing climate-related risk, a manager may consider a company's alignment with the goals of the Paris Agreement. Where we become aware that a manager's policies, procedures or operations do not comply with international laws, standards and guidelines, we will consider the appropriateness of the manager's ongoing appointment.

Active ownership

Active ownership is the process by which HESTA seeks to leverage its rights as a shareholder or lender to influence management of responsible investment factors that can impact long-term returns at both the company and market level. By engaging with our investment managers, portfolio companies, assets, regulators and policy makers we seek to influence the management of material issues that can impact long-term returns at both the company and market level.

HESTA pursues active ownership through the tools of engagement, voting and advocacy. Where an issue is identified and is assessed as being of material risk to the portfolio, HESTA's escalation framework sets out some of the activities available for the escalation of portfolio companies and their approaches to the management of these risks. Escalation can include use of either one or a combination of escalation tools such as a 'watchlist', votes against 'Say on Climate' resolutions, director re-elections, support or filing of shareholder resolutions and/or consideration of divestment where we consider that progress has been insufficient to address the risks, and where we have formed the view that further engagement is unlikely to achieve alignment with our objectives and where we consider this to be in the best financial interests of our members. The escalation framework is responsive to engagement progress, new information and resultingly, it may not be sequential.

As a large and diversified asset owner, the financial performance of our portfolio is supported by a strong and stable market and influenced by systemic risks and opportunities[2]. Factors such as gender equality, decent work, and good health and wellbeing support strong market fundamentals including economic growth that drive member investment returns, while systemic risks such as climate change and biodiversity loss have the potential to undermine these returns. System level issues cannot be mitigated through diversification or divestment. We endorse the ambitions of the Sustainable Development Goals (SDG's) as an ambitious framework to address systemic risks, and identify areas of opportunity, and we prioritise a number of SDG's through our resource allocation to each. We aspire to contribute to outcomes aligned with the aims of these priority SDGs through our capital allocation and active ownership.

2 Systemic risks are those that threaten the functioning of the economic, financial and wider systems on which investment performance relies (United Nations Environment Project Finance Initiative)

Our approach to responsible investment specific to Sustainable Growth

Our Sustainable Growth investment option seeks to avoid exposure to particular activities and tilt investment towards companies and assets whose activities are thematically aligned with one or more of the UN Sustainable Development Goals (SDGs).

The Sustainable Growth investment option has been certified by the Responsible Investment Association Australasia under the Responsible Investment Certification Program[1].

CERTIFIED BY RIAA

1 The Responsible Investment Association Australasia's (RIAA) Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Sustainable Growth adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Sustainable Growth's methodology, performance and stock holdings can be found at **responsiblereturns.com.au**, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Sustainable Growth shares	Invested with active equities managers who seek to tilt investment toward companies whose activities are thematically aligned with one or more SDGs[2] or that have stronger than average responsible investment practices relative to peers. Passive equity managers provide cost effective exposure to a broader range of companies whilst still applying our investment restrictions and exclusions.
Sustainable Growth global debt and cash	Invested with active credit managers that seek to tilt investment toward companies whose activities are thematically aligned with one or more SDGs[2] or that have stronger than average responsible investment practices relative to peers. Investments may include green labelled bonds or sustainability-linked bonds. Cash and sovereign debt managers apply the exclusions as described in the table on page 35 and 36.
Sustainable Growth private equity	Managed by managers that seek to invest in companies whose activities are thematically aligned with one or more SDGs[2] or that have stronger than average responsible investment practices relative to peers.
Sustainable Growth property	Invested in property that can demonstrate high environmental ratings. These ratings include above average NABERS Energy and NABERS Water ratings and 4 star and above for Green Star As Built (Green Building Council of Australia), where applicable. The property fund also needs to be highly rated by the Global Real Estate Sustainability Benchmark (GRESB). Future investments may also include healthcare property and social and affordable housing.
Sustainable Growth infrastructure	Investments in infrastructure will focus on assets whose activities are thematically aligned with one or more SDGs[2] or will be managed by managers with stronger than average responsible investment practices relative to peers. This may be evidenced by scoring above average on GRESB and/or commitments to Net Zero carbon emissions by 2050.
Sustainable Growth alternatives	Investments that specifically seek to deliver positive impact by addressing identified challenges where there is under-developed institutional investment capability. Investments focus on Australia and include health, housing and community services.

2 We measure alignment to SDGs based upon third party data and/or managers propriety systems

Our investment restrictions and exclusions

As part of our approach to responsible investment, we have implemented exclusions as shown in the following table. While the exclusions will be applied across all asset classes wherever possible, there are some exclusions and data sources for which only listed company information is available.

Implementation of the exclusions is based upon data supplied by external data providers and may be affected by the accessibility and accuracy of data, implementation delays where there has been a material change to the nature of an investment, or an error by an external service provider. In the event of a merger, HESTA may also receive investments that were previously not subject to our investment restrictions and exclusions. These factors may result in holdings in excluded companies, typically over the short term, which will be removed or managed on a case-by-case basis taking into account matters such as available options, liquidity, market conditions, investment fund structure, and best financial interests of members.

Where revenue thresholds apply to exclusions, external data providers use the definition of revenue as being the gross inflow of economic benefits arising from the course of the ordinary activities of an entity which generally accords with the International Accounting Standards definition found in IAS 18 and IFRS 15. In the absence of such data, they consider net sales or operating revenue as reported by the company in its financial statements for the purpose of revenue estimations.

	Portfolio-wide exclusion	Further exclusions to Sustainable Growth
Fossil fuels	• Any listed company that derives 15% or more revenue from the mining of thermal coal. – Thermal coal includes lignite, bituminous, anthracite and steam coal and its sale to external parties. It excludes: revenue from metallurgical coal; coal mined for internal power generation (e.g. in the case of vertically integrated power producers); intra-company sales of mixed thermal coal; and revenue from coal trading. • Any unlisted company that derives 15% or more revenue from mining or transportation of thermal coal. • Any company that derives both 75% or more revenue from the extraction, production and refining of unconventional oil and gas, and 75% or more of its reserves from unconventional oil and gas. Unconventional oil and gas includes tar sands, shale oil and gas and coal seam gas.	Any company that: • derives any revenue from the mining or exploration of thermal coal or the extraction, production, refining of conventional and unconventional oil and gas, or; has any total volume proved and probable reserves of thermal coal and metallurgical coal; or has any total volume of proved reserves of oil and gas[1]; • derives 15% or more revenue from the generation of electricity from fossil fuels or transportation, distribution or retailing of conventional and unconventional oil and gas*; or • derives 15% or more revenue from equipment and services for the exploration and production of conventional and unconventional oil and gas*; or • derives 50% or more revenue from indirect services to the fossil fuel sector. For example, the provision of specific materials, contracted services and transportation* *Transitioning companies - companies that are indirectly involved in the fossil fuel sector may be permitted for investment where they can demonstrate a clear climate change transition path aligned to the Paris Agreement (through 10% or more revenue derived from renewable energy generation and either a Science-Based Target or Transition Pathway Initiative score of 2°C and below). The option currently holds a very limited number of companies within the private equity asset class that generate >50% of their revenue from the provision of services to the oil and gas sector. Due to the illiquid nature of these investments, these will be retained within the option until July 2024, by which date they will be exited.
Tobacco	Any company that produces or manufactures tobacco and tobacco related products.	Any company that: • produces or manufactures tobacco and tobacco related products; or • derives 15% or more revenue from the manufacture or supply of key products necessary for the production or manufacture of tobacco products, or the wholesale or retail of tobacco or tobacco products.
For-profit detention	Any company that provides the services of asylum seeker detention centres.	Any company that provides the services of asylum seeker detention centres or for-profit prisons, e.g correctional facilities.
Controversial weapons	Any company that manufactures whole weapon systems or components developed for exclusive use in cluster munitions, anti-personnel mines, biological or chemical weapons.	Any company that manufactures whole weapon systems or components developed for exclusive use in cluster munitions, anti-personnel mines, biological or chemical weapons.
Nuclear weapons	Any company that derives 5% or more revenue from the manufacture of whole weapon systems or components developed for exclusive use in nuclear weapons.	Any company that manufactures whole weapon systems or components developed for exclusive use in nuclear weapons.

1 The external data provider does not differentiate between conventional and unconventional oil and gas reserves.

In addition to the exclusions presented on page 35, below are further exclusions that apply to Sustainable Growth only.

Uranium	Any company that owns or operates active uranium mines.
Weapons	Any company that derives 5% or more revenue from military weapons production, civilian firearm production or retailing.
Red flags identified by our data provider related to human and labour rights breaches[1]	Any listed company identified by our data provider as having a "red flag" related to human rights or labour rights breaches. Breaches may relate to: **Human rights** • support for controversial regimes • freedom of expression and censorship • other human rights abuses and adverse impact on a community. **Labour rights** • labour management • employee health and safety • collective bargaining and unions • discrimination and workforce diversity • supply chain employee relations standards.
Red flags identified by our data provider related to environmental breaches[1]	Any listed company identified by our data provider as having a "red flag" related to environmental breaches. Breaches may relate to: • land use and biodiversity • toxic spills and releases • energy and climate change • water management • operational non-hazardous waste • environmental impact of products and services • supply chain environmental impacts.
Poor ESG policies and systems	Any listed company that scores a 'CCC' ESG rating. Companies are ranked from AAA (best) to CCC (worst). Ratings are determined by how well a company manages material ESG risks compared with sector peers. Please see page 32 for some examples of ESG factors that are considered.
Poor financial practices	Any listed company that receives a corporate behaviour score of <1 (less than 1) in addition to any severe or very severe business ethics controversies. The Corporate Behaviour Theme Score evaluates the extent to which companies face ethics issues such as fraud, executive misconduct, corruption scandals, money laundering, anti-trust violations, or tax-related controversies.
Uncertified palm oil	Any company that derives 10% or more revenue from the production and/or distribution of palm oil and has less than 50% Roundtable of Sustainable Palm Oil (RSPO) certified oil. The RSPO certification requires companies to adhere to a strict set of principles and criteria for sustainable palm oil production.
Gambling	Any company that derives 5% or more revenue from the operation, licensing, and provision of key products or services fundamental to gambling operations.
Live animal exports	Any company that derives 10% or more revenue from the export of animals for the purpose of selling live animals for slaughter, husbandry or breeding subjects, including specialised transportation services.
Poor Sovereign ESG rating	Any country that scores a 'CCC' ESG rating. Our data provider scores and ranks countries from AAA (best) to CCC (worst). Ratings are determined by how well a country manages underlying factors across ESG issues. This exclusion also captures sub-national local authorities (such as states and provinces) who are exposed to similar ESG risks as countries. Please see the earlier pages for some examples of ESG factors that are considered.

1 For incident-based exclusions e.g. human, labour rights and environmental breaches, HESTA may exercise discretion to not exclude a company or to re-invest in a company following a period of exclusion if a company can demonstrate through engagement that it has addressed the cause of the previous incident/s and the associated risk has been mitigated.

Derivatives

A derivative is a financial instrument whose value depends on, or is derived from, the value of some other underlying asset or index. Derivatives are generally used to improve the risk-adjusted returns of our options. They provide an efficient way to add or remove market risk and assist in liquidity, transition, cost, and risk management.

Our derivative usage is governed by an internal policy, covering risk monitoring and controls. HESTA does not use derivatives speculatively to gear the portfolio nor to create net short positions.

Ready-Made Options

- in limited circumstances, investment options other than Balanced Growth may be excluded from having exposure to certain investments
- from time-to-time, investment options may invest in assets that do not fit into the asset classes described and do not have a strategic asset allocation.

Your Choice Options

- in limited circumstances, Your Choice Options may be excluded from having exposure to certain investments.

Cash and Term Deposits

During periods of low cash-market interest rates, the Option is expected to generate low returns. Returns may be negative in a negative interest rate environment.

Diversified Bonds

Government bonds are a significant portion of this Option and may generate a negative return when interest rates are negative, as has occurred in certain countries. Investors should also expect a negative return from bonds in a rising rate environment.

Investment managers and consultants

We engage a number of Australian and international investment managers ("managers") that invest members' money on behalf of HESTA. We may also utilise strategies managed by our internal teams. By using a combination of internal teams and external managers, we can diversify across a number of strategies within asset classes and use our economies of scale to keep costs down.

✓ A full list of our current managers is available at **hestaformercy.com.au/investments**

We also use external investment consultants to assist with investment objectives and strategy, manager selection and monitoring, and investment governance.

How is currency exposure managed?

The Australian dollar value of an investment in an international asset may be affected in two ways:

- by changes in the value of the actual asset, and
- by changes in the relative value of the Australian dollar and the foreign currency.

Because we have to convert all investments back to Australian dollars, if the value of the Australian dollar rises relative to a specific overseas currency, the value of the foreign assets will fall. Similarly, if the value of the Australian dollar falls, the value of foreign assets increases.

Currency hedging is a risk management strategy designed to reduce the impact of changes in the value of currencies on the value of foreign investments. Hedging can reduce a potential loss from unfavourable currency movements, but it can also reduce a potential profit.

Strategic foreign currency exposure

All Ready-Made Investment Options and Your Choice Options - International Shares and Property and Infrastructure, have a long-term strategic allocation target and ranges for foreign currency exposure. This is called the strategic foreign currency exposure. The remaining foreign currency exposure is hedged. The strategic foreign currency exposure is implemented by specialist currency managers.

These options may also invest in active currency strategies.

Foreign currency exposure for Your Choice Options

All Your Choice Options – apart from International Shares – typically aim to have 100% of their foreign currency exposure hedged. This is to ensure that members who invest in these Options receive the return of the respective underlying asset classes, unaffected by the impact of currency movements.

Your Choice – International Shares may also invest in active currency strategies.

What are unit prices?

When you add money to your super, you're purchasing units in your chosen investment option. When you withdraw money, or when fees and costs or taxes are deducted from your account, you sell units in your chosen investment option.

Unit prices go up and down based on the change in the value of the asset held by each investment option. The change in unit prices reflects changes in the value of the assets held by each investment option and is used to determine the percentage investment return over time of each option.

You can see the number of units you own in your online account at **hestaformercy.com.au/login** The value of your account is calculated by the number of units you hold in an investment option multiplied by the current unit price.

How are daily unit prices calculated?

Unit prices are calculated at the close of business (COB) every business day [1]. and applied to accounts up to two business days later on a continuous daily cycle.

1 Weekends and weekdays that fall on a National public holiday and the King's birthday (VIC/NSW) when the Australian Stock Exchange (ASX) is closed are non-business days

The unit price for each investment option is published on the website daily. For the latest unit prices go to **hestaformercy.com.au/investments**

We reserve the right to calculate or publish unit prices less frequently, modify, suspend or initiate additional pricing in certain situations to ensure prices are calculated equitably, reasonably and fairly. If we do need to suspend a unit price for any or all of our options, this may impact the timing of your transactions and we will endeavour to let you know if this occurs.

How are unit prices applied to transactions?

Each time you move money into or out of an investment option, the transaction involves buying and selling units. The table below shows the unit price that applies to money-in and money-out:

Money-in (includes money you roll in from your HESTA for Mercy Super account)	Will be applied to your account using the most recent unit price available in the system on the date the money is processed to your account (this may not be the date received).
Money-out (includes rollovers out, withdrawals, and lump sum payments for claims, income stream payments)	Will use the most recent unit price available in the system on the day we process the payment.

How investment returns are applied to your account

To find out more about recent investment returns and the value of your investment, call us on 1300 368 891.

The latest and historical returns are also displayed at

For RIS **hestaformercy.com.au/is-performance**

For TTR **hestaformercy.com.au/ttrperformance**

tax

Do I have to pay tax on income stream payments?

If you're over 60, your income stream payments and withdrawals are tax free.

If you're under 60, you will need to pay tax.

Tax when creating your income stream

You don't pay tax on funds you rollover from a super fund to begin an income stream - except where your rollover comes from an 'untaxed' fund.

Untaxed funds are uncommon, and are generally older funds for government employees. In the unlikely event that your rollover does come from an untaxed fund, 15% tax will be deducted on commencement of your HESTA for Mercy Income Stream.

This section details the fees and taxes applicable to the Income Stream.

Tax on income stream payments

The tax treatment for income stream payments depends on your age.

Over 60?

If you're 60 or over, your income stream payments (including any lump-sum withdrawals) are tax free and don't need to be declared as assessable income when you lodge a tax return.

Under 60?

Before age 60, tax on payments from your income stream is split into tax-free and taxable portions.

Tax-free portion

Your tax-free portion is the sum of your:

- after-tax (non-concessional) contributions from 1 July 2007, plus the following amounts calculated as at 30 June 2007:
  - pre-July 1983 component
  - undeducted contributions
  - capital gains tax (CGT) exempt component, and
  - post 1 June 1994 invalidity component.

By dividing your tax-free component by the starting balance of your HESTA for Mercy Income Stream account, you get a percentage which will then be applied to all future payments to determine the portion of each payment that is exempt from tax.

Taxable portion

The portion of any payment that is not the tax-free portion is the taxable portion.

This portion will be taxed depending on your age and how the payment is made, as described in the following tables.

Income stream payments	
Your age	**Tax treatment of taxable component**
Under preservation age	Income tax rate applicable to the taxable income payments from your income stream (plus medicare levy)
Over preservation age but under 60	Income tax rate applicable to the taxable income payments from your income stream (plus medicare levy) (15% tax offset available – see example below)
Over 60	0%

Lump-sum payments	
Your age	**Tax treatment of taxable component**
Under preservation age	Maximum of 20% plus Medicare levy
Over preservation age but under 60	0% up to $235,000[1] 15% plus Medicare levy on excess over $235,000[1]
Over 60	0%

1 $235,000 based on 2023/24 figure. Subject to indexation.

Jane, who has reached preservation age but is still under 60, has chosen to receive an income of $7,000 from her HESTA Income Stream this year.

Her tax-free portion is 10%.

Jane will only declare $6,300 ($7,000 less 10%) of this income for tax purposes. She is also entitled to a tax offset up to $945 (15% of $6,300) which will reduce the tax that she may pay.

This example is provided for illustration purposes only.

Tax on investment earnings

Unlike the earnings of investments held outside of super (which may be taxed at your marginal tax rate), investment earnings in a Transition to Retirement Income Stream are taxed at up to 15%. Investment earnings in a Retirement Income Stream are tax free.

A Transition to Retirement Income Stream will have a different unit price to the Retirement Income Stream due to the taxed nature of investment earnings. The manager selection for the underlying assets may also have a different configuration because of the taxed nature.For the latest unit price visit **hestaformercy.com.au/investments**

Income Stream investments may still benefit from franking credits distributed with Australian dividend payments.

Tax on death benefits

Tax on death benefits depends on whether the benefit is paid to a 'dependant' or a 'non-dependant', and whether the benefit is paid to them as a lump sum or an income stream.

Dependants

For tax purposes, a death benefit dependant may be:

- a spouse (including a de facto spouse) or former spouse
- a child of the deceased under age 18
- a person with whom the deceased had an interdependency relationship at the time of death
- a person who was financially dependent on the deceased at the time of death.

No tax is payable on the tax-free component of a death benefit. The taxable component may be subject to tax as below:

Lump-sum payments		
Age of deceased	**Age of recipient**	**Tax treatment of taxable component**
Any age	Any age	0%

Income Stream payments		
Age of deceased	**Age of recipient**	**Tax treatment of taxable component**
60 and above	Any age	0%
Below 60	60 and above	0%
Below 60	Below 60	Marginal tax rate plus Medicare levy less 15% pension offset

Non-dependants

If someone is not a dependant for tax purposes, they are a non-dependant. The taxable component of a death benefit payment to a non-dependant may be subject to tax as follows:

Lump-sum payments		
Age of deceased	**Age of recipient**	**Tax treatment of taxable component**
Any age	Any age	15% plus Medicare Levy

Death benefits cannot be paid to a non-dependant as an income stream.

Where a child who was receiving a death benefit income stream is required to commute this benefit at age 25, the lump-sum is tax free.

Different tax may apply to your payments if your TFN or the recipient's TFN have not been provided to us.

Giving us your tax file number

We are authorised to seek your tax file number (TFN) under the *Superannuation Industry(Supervision) Act 1993*. Advising us of your TFN is voluntary, and it is not an offence if you choose not to provide it.

The main advantage of providing your TFN is that no additional tax will be deducted when you start withdrawing your super benefits (other than any tax usually deducted from super).

We are required by law to take the necessary steps to properly safeguard your TFN, and our intention is to use it only for lawful superannuation purposes[1]. We may disclose your TFN to another superannuation provider if your benefits are transferred, unless you instruct us in writing not to disclose it to any other fund.

1 These purposes may change in future as a result of legislative changes.

fees and other costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance, rather than 1%, could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser[1].

To find out more

If you would like to find out more, or see the impact of fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) MoneySmart website (**www.moneysmart.gov.au**) has a superannuation calculator to help you check out different fee options.

1 The inclusion of this statement is a legal requirement. HESTA fees are not negotiable. We are also required by law to mention the ASIC superannuation calculator. This calculator is not designed for use with HESTA for Mercy Income Stream products.

Fees and other costs

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, advice fees for personal advice, may also be charged, but these will depend on the activity or advice chosen by you. Entry and exit fees cannot be charged. Taxes and other costs are set out in another part of this document.

You should read all the information about fees and other costs because it is important to understand their impact on your investment. The fees and other costs for the HESTA for Mercy Income Stream product and each investment option offered by HESTA are set out on the following pages.

Fees and costs summary

HESTA for Mercy Income Stream		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs[1]		
Administration fees and costs	$1.50 per week plus 0.23% p.a. of your account balance (subject to fee cap)*	The weekly fee is calculated daily and the 0.23% is calculated on the closing balance of your account at the end of each month. Both fees are deducted from your account in arrears 2 business days after the end of each month, or on the date of your full exit from income stream. *The percentage-based administration fees and cost is not charged on any amount of your account balance in excess of $600,000
	plus 0.04% p.a.	Additional administration costs may be paid from fund assets, not your account. The amount shown is based on the costs deducted for the 12 months to 30 June 2023.
Investment fees and costs[2]	Retirement Income Stream: 0.41% p.a. - Balanced Growth 0.01% - 0.94% for other investment options Transition to Retirement Income Stream: 0.61% p.a. - Balanced Growth 0.01% - 0.95% for other investment options	Deducted from the valuation of investments before daily unit prices are calculated.
Transaction costs	Retirement Income Stream: 0.04% p.a. - Balanced Growth (Retirement Income Stream) 0% - 0.08% for other investment options Transition to Retirement Income Stream:	Deducted from the valuation of investments before daily unit prices are calculated.

HESTA for Mercy Income Stream		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs[1]		
	0.05% p.a. - Balanced Growth (Transition to Retirement Income Stream) 0% - 0.09% for other investment options	
Member activity related fees and costs		
Buy-sell spread	$0	N/A
Switching fee	$0	N/A
Other fees and costs[3]	Advice fees for personal advice may apply.	

1 If your account balance for a product offered by HESTA is less than $6,000 at the end of the HESTA income year, certain fees and costs charged to you in relation to administration and investment are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

2 Investment fees and costs (excluding the Australian Shares option in the HESTA Retirement Income Stream) includes an amount of 0% - 0.46% for performance fees. The calculation basis for this amount is set out under 'Additional explanation of fees and costs'. Information about performance fees for the Australian Shares option in the HESTA Retirement Income Stream is set out under 'Additional explanation of fees and costs'. Investment fees and costs includes an amount of 0% - 0.45% for performance fees in the Transition to Retirement Income Stream.

3 See 'Additional explanation of fees and costs' for information.

Example of annual fees and costs for a superannuation product

This table gives an example of how the ongoing annual fees and costs for the HESTA for Mercy Income Stream Balanced Growth investment option for this superannuation product can affect your superannuation investment over a 1-year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE - Retirement Income Stream (Balanced Growth Investment Option)		Balance of $50,000
Administration fees and costs	$1.50per week ($78 p.a) plus 0.23% p.a. plus 0.04% p.a. paid from fund assets	For every $50,000 you have in Balanced Growth, you will be charged or have deducted from your investment **$135**[1] in administration fees and costs, plus **$78** regardless of your balance
PLUS Investment fees and costs	0.41% p.a.	**And**, you will be charged or have deducted from your investment **$205** in investment fees and costs
PLUS Transaction costs	0.04% p.a.	**And**, you will be charged or have deducted from your investment **$20** in transaction costs
EQUALS Cost of product		If your balance was $50,000, at the beginning of the year, then for that year you will be charged fees and costs of **$438**[2] for Balanced Growth

1 This amount includes $20 that was paid from fund assets (the Fund Development Reserve) and not your account.

2 Additional fees may apply.

EXAMPLE - Transition to Retirement Income Stream (Balanced Growth investment option)		Balance of $50,000
Administration fees and costs	$1.50 per week ($78 p.a) plus 0.23% p.a. plus 0.04% p.a. paid from fund assets	For every $50,000 you have in Balanced Growth, you will be charged or have deducted from your investment **$135**[1] in administration fees and costs, plus **$78** regardless of your balance
PLUS Investment fees and costs	0.61% p.a.	**And**, you will be charged or have deducted from your investment **$305** in investment fees and costs
PLUS Transaction costs	0.05% p.a.	**And**, you will be charged or have deducted from your investment **$25** in transaction costs
EQUALS Cost of product		If your balance was $50,000, at the beginning of the year, then for that year you will be charged fees and costs of **$543**[2] for Balanced Growth

1 This amount includes $20 that was paid from fund assets (the Fund Development Reserve) and not your account.

2 Additional fees may apply.

Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your superannuation investment over a 1-year period for all superannuation products and investment options. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product information assumes a balance of $50,000 at the beginning of the year. (Additional fees such as buy-sell spread may apply, refer to the Fees and costs summary for the relevant superannuation product or investment option.)

You should use this figure to help compare superannuation products and investment options.

Investment options	Retirement Income Stream	Transition to Retirement Income Stream
	Cost of product	Cost of product
Ready-Made Options		
Balanced Growth	$438	$543
Conservative	$418	$423
Indexed Balanced Growth	$238	$238
Sustainable Growth	$703	$708
High Growth	$443	$623
Your Choice Options		
Cash and Term Deposits	$218	$218
Diversified Bonds	$363	$353
Property and Infrastructure	$633	$673
International Shares	$418	$418
Australian Shares	$298	$313

Additional explanation of fees and costs

Administration fees and costs

The administration fees and costs deducted from your account are paid into the Fund Development Reserve. With respect to the HESTA Transition to Retirement Income Stream, the Fund claims a tax deduction for administration costs each year. The benefit of the tax deduction is also retained in the Fund Development Reserve.

The Fund pays its administration costs (including a trustee fee) from the Fund Development Reserve. In some years the amount deducted from the Fund Development Reserve may exceed the amount paid into the reserve. For the 12 months to 30 June 2023 this excess amount is determined to be 0.04% p.a of funds under management, which was paid from the Fund Development Reserve, and not deducted from member accounts.

Investment fees and costs

Investment fees and costs are deducted from the valuation of investments before daily unit prices are calculated, and are not deducted directly from your account.

The investment fees and costs includes amounts that are paid directly out of the fund and through underlying investment vehicles in relation to the management, monitoring and safe keeping of investments. These fees and costs include amounts paid to our investment service providers directly, to those managing and monitoring the underlying assets in the investment vehicles we invest in and also to HESTA's internal investment team and the people, data and systems that support them. Fees and costs are generally apportioned to the asset class where they are incurred.

Performance fees

Performance fees are included in investment fees and costs. Performance fees may be paid directly by the Fund or by an investment vehicle in which we invest.

Performance fees are calculated on an accruals basis.

Typically, performance fees are paid if a manager's returns are above an agreed hurdle (minimum) return, in excess of an agreed benchmark, and may include a negative amount if performance is below the required level in any particular year.

The total of all performance fees attributable to an investment option is included in the investment fees and costs. Where the overall performance fee is negative, we disclose the value as zero and capture it as part of the investment fees and costs as a zero value. In reality a negative performance fee will reduce the investment fees and costs.

For the financial year ended 30 June 2023, the negative performance fee of -0.01% applied to the Australian Shares investment option in the HESTA Retirement Income Stream. This means that investment fees and costs for that option are reduced by 0.01%. However, the overall costs for that option are disclosed in this document as if the performance fee was zero.

The table below shows the estimated average performance fee over the past five financial years ended 30 June 2023 for each investment option.

Investment options	Retirement Income Stream	Transition to Retirement Income Stream
	Performance fee	Performance fee
Ready-Made Options		
Balanced Growth	0.06%	0.22%
Conservative	0.03%	0.06%
Indexed Balanced Growth	0.00%	0.00%
Sustainable Growth	0.46%	0.45%
High Growth	0.08%	0.35%
Your Choice Options		
Cash and Term Deposits	0.00%	0.00%
Diversified Bonds	0.00%	0.00%
Property and Infrastructure	0.11%	0.18%
International Shares	0.14%	0.14%
Australian Shares	0.00%	0.01%

Transaction costs

Transaction costs are deducted from the valuation of investments before daily unit prices are calculated. They may be paid directly by the fund or may reduce the earnings distributed to the Fund from an interposed vehicle.

Transaction costs are associated with acquiring or disposing investments. Each investment option incurs transaction costs related to the type and complexity of the assets invested in.

Transaction costs can include:

- brokerage which represents a service charge levied by external brokers for facilitating transactions;
- buy-sell spread which is charged to HESTA in the buying and selling of assets;
- settlement costs which are expenses incurred to finalise a transaction;
- clearing costs which represents a service charge for accessing clearing services;
- stamp-duty which is a tax that governments charge for certain documents and transactions; and
- costs incurred in or by an interposed vehicle that would be a transaction cost if incurred by the Fund.

Transaction costs are not directly charged to members but are an additional cost to the member if not recovered in the form of a buy-sell spread fee. HESTA does not charge a buy-sell spread fee to its members.

Investment fees and costs and transaction costs for each investment option

Investment options	HESTA for Mercy Retirement Income Stream			HESTA for Mercy Transition to Retirement Income Stream		
	Investment fees and costs (%)	Transaction costs (%)	Total investment fees and costs and transaction costs (%)	Investment fees and costs (%)	Transaction costs (%)	Total investment fees and costs and transaction costs (%)
Ready-Made Options						
Balanced Growth	0.41%	0.04%	0.45%	0.61%	0.05%	0.66%
Conservative	0.37%	0.04%	0.41%	0.39%	0.03%	0.42%
Indexed Balanced Growth	0.04%	0.01%	0.05%	0.04%	0.01%	0.05%
Sustainable Growth	0.94%	0.04%	0.98%	0.95%	0.04%	0.99%
High Growth	0.42%	0.04%	0.46%	0.77%	0.05%	0.82%
Your Choice Options						
Cash and Term Deposits	0.01%	0.00%	0.01%	0.01%	0.00%	0.01%
Diversified Bonds	0.30%	0.00%	0.30%	0.28%	0.00%	0.28%
Property and Infrastructure	0.76%	0.08%	0.84%	0.83%	0.09%	0.92%
International Shares	0.37%	0.04%	0.41%	0.37%	0.04%	0.41%
Australian Shares	0.13%	0.04%	0.17%	0.16%	0.04%	0.20%

Investment fees and costs and Transaction costs are indicative only and are based on investment costs of those investment options for the year ended 30 June 2023, and include several components which are estimates including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs. Fees and costs are rounded to two decimal places.

Advice fees

The cost of H.E.S.T. Australia Ltd representatives providing most advice to members in relation to their benefits in HESTA for Mercy account(s) (intrafund advice) is included in the administration fees and costs. To find out more about intrafund advice services, go to **hestaformercy.com.au/advice**

However, a $300 advice fee will be charged for advice tailored to your individual circumstances in relation to the commencement of a HESTA for Mercy Income Stream. A $500 advice fee will be charged for advice tailored to you and your spouse's circumstances in relation to the commencement of HESTA for Mercy Income Stream(s). We will advise you of payment methods in relation to the cost of this advice. The initial consultation is at no additional cost to you

Comprehensive financial planning advice, including for assets outside of superannuation, may be available on a fee-for service basis. HESTA may also refer you to a third party advice provider that can provide you with comprehensive financial planning advice on a fee-for-service basis. The cost of this advice is agreed with you in advance.

Advice and financial planning fees may be partially or fully deducted directly from your HESTA for Mercy account, depending on the nature of the advice provided to you.

If you receive financial advice from an external provider, HESTA will, with your consent, allow for an advice fee to be deducted from your account, if it complies with superannuation law and the advice is in relation to your HESTA for Mercy account(s).

H.E.S.T. Australia Ltd representatives and employees are paid a salary, and do not receive commissions for the advice provided to you.

Switching fees

At HESTA, you do not pay any fees for switching investment options.

Buy-sell spreads

At HESTA, you do not pay any fees for buy-sell spreads.

Exit fees

HESTA does not have any entry or exit fees.

Tax

For information on the tax applicable see pages 40-41.

Changes to fees and costs

We reserve the right to change fees and costs at any time without members' consent. Where there is an increase in fees, we will notify you at least 30 days before the increase. Where there is an increase in costs not charged directly to your account, we will notify you as soon as practicable after those costs are known.

If you withdraw your money before the end of the month, a portion of the accrued administration fee for that month will be debited from your account.

Frances has a balance of $300,000 in her Retirement Income Stream account, which is invested across three options as follows.

Conservative:	$100,000
Balanced Growth:	$100,000
High Growth:	$100,000

Based on the above, Frances' annual fees and costs would be:

Conservative
$100,000
x 0.41%
investment fees and costs & transaction costs
= $410

Balanced Growth
$100,000
x 0.45%
investment fees and costs & transaction costs
= $450

High Growth
$100,000
x 0.46%
investment fees and costs & transaction costs
= $460

Administration fees and costs
= $888[1]

TOTAL FEES
= $2,208

1 The administration fees and costs includes $1.50 per week plus 0.23% p.a. and an additional amount of 0.04% p.a. paid from fund assets. Rounding has been applied to the above calculations.

Defined fees

(this wording is required by law)

Activity fees

A fee is an activity fee if:

a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:

   i) that is engaged in at the request, or with the consent, of a member; or

   ii) that relates to a member and is required by law; and

b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, transaction costs, a buy-sell spread, a switching fee, an advice fee or an insurance fee.

Administration fees and costs

Administration fees and costs are fees and costs that relate to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:

a) relate to the administration or operation of the entity; and

b) are not otherwise charged as investment fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

Advice fees

A fee is an advice fee if:

a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:

   i) a trustee of the entity; or

   ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and

b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, a switching fee, an activity fee or an insurance fee.

Buy-sell spreads

A buy-sell spread is a fee to recover costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Exit fees

An exit fee is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.

Investment fees and costs

Investment fees and costs are fees and costs that relate to the investment of the assets of a superannuation entity and includes:

a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and

b) costs incurred by the trustee of the entity that:

   i) relate to the investment of assets of the entity; and

   ii) are not otherwise charged as administration fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

Switching fees

A switching fee for a superannuation product other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

Transaction costs

Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy-sell spreads.

setting up your income stream

Ready to apply?

If you've considered the HESTA for Mercy Income Stream PDS and you're ready to open an income stream account, this section has all the information you need to get started.

Step 1	**Get your money together**	We need to receive all the money you want to invest in your Income Stream account at the one time. You can't add more into your account later, so it's best to make sure you've included money from all the funds you intend to rollover.
Step 2	**Choose the amount and frequency of your payments**	You can choose from a variety of options. If you don't want to choose, we'll pay you the minimum amount required by the government (set on 30 June each year).
Step 3	**Choose how you want to invest your money**	You can create your own strategy from a choice of 10 individual investment options.
Step 4	**Decide who you'd like to receive your income stream when you die**	We give you a number of options. If you don't choose a beneficiary when you join, the Trustee of HESTA will determine how your account balance will be distributed (see pages 54-55 for further details on nominating a beneficiary).
Step 5	**Complete the forms**	Use the checklist on page 1 of the forms section (within this PDS) to make sure you've completed all the necessary forms so you can get started without delay.

Step 1

Get your money together

The money you invest in your HESTA for Mercy Income Stream will mainly come from your existing HESTA for Mercy Super account.

Getting funds from all your accounts can take time. If you're setting up your Income Stream using super from more than one source, you will need to consolidate the funds into your existing HESTA for Mercy Super account. Super funds must transfer your money from other funds within a legislated period of time.

Consider putting all the funds you intend to invest into your existing super account before you set up your HESTA for Mercy Income Stream. That way, they will remain invested until your Income Stream is set up.

How amounts are allocated to accounts

Amounts received by HESTA are held in a trust account before they are allocated to a member's account. HESTA retains the interest (if any) earned on amounts held within the trust account. We allocate amounts to the relevant HESTA for Mercy member's account using the calculated unit price of the investment option(s) effective the day the amount is allocated to a member's account. If the amounts cannot be allocated, we will refund or transfer to ASIC as required by law.

Is there a minimum investment balance?

The minimum amount you can invest is $50,000.

Estimate how long your super may last using our calculator at **hestaformercy.com.au/calculator**

Is there a maximum investment balance?

The government imposes a limit of the amount you can put into a retirement income stream. For the 2023/24 year of income this amount, also known as the transfer balance cap is generally $1.9 million.

If you exceed this amount, you may be liable for excess tax and we may be required to remove or transfer the excess. The transfer balance cap applies to the total of all your retirement phase assets.

Any earnings on your account after you have commenced a retirement income stream will not be counted for purposes of determining whether you exceed the transfer balance cap. See page 8 for more information or go to **ato.gov.au**

There is no limit on how much you can invest in a transition to retirement income stream. However, if your total super balance (across all your super funds) is $1.9 million or more at the start of this financial year, you should seek financial advice before you contribute any after-tax earnings to your super as there may be tax consequences.

Step 2

Choose the amount and frequency of your payments

Payment frequency

You can choose to have your payments made fortnightly, monthly, quarterly, half-yearly or yearly.

For payment frequencies other than fortnightly, you can choose to receive payments on the 15th day of the month.

For quarterly, half-yearly, or yearly payment frequencies, you can choose the month of your first payment.

The exception to this is the month of July, where yearly payments will only be made on the 28th day of the month.

Subsequent payments will recur at your chosen frequency.

If you don't nominate the frequency of your payments, your income will be paid annually on 30 June.

If, at a later date, you'd like to change the frequency of your payments, you can update your arrangements online or in writing by completing the Benefit payment instructions form available at **hestaformercy.com.au/forms**

Payment amounts

Minimum payment requirement

The amount you choose to receive as an income is up to you.

However, the government has set a minimum amount that must be paid to you each year from your income stream.

Working out your minimum payment amount

The minimum is simply a percentage of your account balance at the beginning of each financial year or on the start date of your income stream. This minimum is set by the government.

The percentage is linked to your age at the beginning of that financial year or later start date.

Example - Retired

Helen is a 62 year old retiree who has invested $80,000 in the Retirement Income Stream

The minimum payment she can receive in the 2023/24 financial year is:

$80,000 x 4%
= $3,200
(to the nearest $10)[1]

Helen can draw as little as $3,200, or as much as $80,000 during the year.

1 This example is provided for illustration purposes only

Maximum payment amount – for members using a TTR Income Stream only

If you're transitioning to retirement, you can only withdraw up to 10% of your account balance as income payments each financial year.

This restriction – set by the government – applies until you meet a condition of release (see page 5).

This is calculated as 10% of your account balance on the start date of your income stream in its first year and subsequently, at the beginning of each financial year.

If you open your HESTA for Mercy TTR Income Stream on a date other than 1 July and you choose to receive the maximum amount, we will pro-rata your maximum amount for this first year.

If you don't want your maximum amount to be paid pro-rata, call us on 1300 368 891 and ask to be paid the full 10%.

The table below shows the minimum percentage of your account balance you must draw down each year.

Age	Minimum drawdown percentage
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 or over	14%

The Government may make temporary adjustments to the minimum drawdown percentage. Any updated limits announced by the government will be reported at **hestaformercy.com.au/retirement** You should refer to this information before making any decisions about the minimum drawdown percentage.

Example - TTR

James is 57 years old and has invested $150,000 in the TTR Income Stream.

The minimum payment he can receive in the 2023/24 financial year is:

$150,000 x 4%
= $6,000
(to the nearest $10)[1]

Because James is transitioning to retirement, the maximum amount he can withdraw for the year is:

$150,000 x 10%
= $15,000
(to the nearest $10)[1]

1 This example is provided for illustration purposes only.

Making lump-sum withdrawals

When you meet a condition of release, as outlined on page 5, your income stream can be fully or partially taken as a lump sum at any time, subject to government regulations.

What's a non-commutable income stream?

A TTR income stream is a non-commutable income stream. This essentially means an income stream that cannot be converted to a lump-sum payment.

This restriction only applies until you meet a condition of release.

This means it can only be paid as a lump-sum, or transferred to another complying arrangement, in the following limited circumstances:

- to access an unrestricted non-preserved benefit
- to pay a super contributions surcharge
- to split a payment under family law
- to give effect to a release authority from the Australian Taxation Office (ATO)
- to purchase another non-commutable income stream
- as a payout on your death or terminal illness
- to rollover to your previous, or a new, super fund.

Step 3

Choose how you want to invest your money

Choosing your investments

To make your income stream last as long as it needs to, it's important to think about how to invest your money.

The investment choices you make will depend on your personal circumstances, including your attitude towards risk and the length of time you plan to invest.

When starting your HESTA for Mercy Income Stream, you can:

- create your own strategy from a choice of 10 individual investment options.

Read *Investing your savings* on pages 11-35 for more information on investing.

How payments can be drawn from your investment

Creating your own strategy

If you create your own strategy by investing in more than one option, there are three ways we can draw your payments.

Ways to draw payments	Explanation
A pro-rata system	We'll make deductions from each investment option in proportion to the value of each investment option at the time of the payment.
In order of priority	We'll make deductions from one investment option first, and when there's no money left in that option, we'll move to the next investment option you've nominated.
A nominated percentage	We'll make deductions from the investment options you choose according to the percentages you nominate.

If you'd like to nominate which method we should use to fund your payments, complete Step 2 of Section 3 of the *Income Stream application* form in this guide.

If you don't make a selection, payments will be drawn in the same proportion as your initial investment allocation (pro-rata).

If you deplete the funds from your nominated drawdown investment option and have not nominated an order of priority in respect of your investment options, we will draw your income payments on a pro-rata basis from the remaining options.

Step 4

Decide who you'd like to receive your income stream when you die

In the event of your death, any remaining balance in your income stream account can be paid to your dependant(s) and/or legal personal representative (i.e. executor or administrator of your estate).

When we receive formal notification, your remaining account balance will be transferred into the Cash and Term Deposits investment option and will remain invested there until the Trustee finalises payment of your death benefit. If your income stream reverts to a reversionary beneficiary, they will be able to change the investment choice once it is in their name.

People who can legally be considered as your dependants include:

- your spouse (which includes another person, whether of the same sex or a different sex, with whom you are in a relationship that is registered under a law of a state or territory, or a person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple)
- your child (which includes an adopted child, a stepchild, an ex-nuptial child, a child of your spouse or someone who is your child within the meaning of the *Family Law Act 1975*)
- a person who is wholly or partially financially dependent on you at the date of your death, or
- a person with whom you have an 'interdependency relationship'.

What's an 'interdependency relationship'?

An interdependency relationship exists between two people if they live together (or are temporarily living apart) 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 a sibling with whom you live. An interdependency relationship may still exist between two people if they have a close personal relationship, but because either or both of them suffer from a physical, intellectual or psychiatric disability, they do not live together.

Government regulations require a Trustee to also take into account certain criteria when assessing interdependency.

Who's eligible to receive the benefit?

Nominating a beneficiary helps ensure those close to you are looked after if you die. We recommend you carefully consider which type of nomination suits your needs.

There are three ways you can nominate a beneficiary for your income stream.

1. Make a valid binding nomination, which the Trustee must follow as long at it is valid and in force at the time of your death.
2. Nominate a non-binding, preferred beneficiary.
3. Nominate a reversionary beneficiary.

If you don't nominate a beneficiary, we will follow the relevant laws to decide who receives your balance, which could include your dependants or your legal personal representative.

Binding nominations

If you make a valid binding nomination, the Trustee is required to pay your benefit to the dependants you nominate, regardless of whether your circumstances have changed.

While this can provide certainty, it's important to keep your binding nomination up-to-date, to ensure your wishes continue to reflect your current circumstances.

For your binding nomination to remain valid under superannuation law, it must:

- be provided to the Trustee
- be confirmed (or changed) at least once every three years, and
- be signed in your presence by two witnesses who are 18 years of age or older, and neither of whom are nominees (proposed beneficiaries).

The person(s) you nominate must be either a dependant or a legal personal representative at the date of your death. Where you nominate more than one beneficiary, you must also clearly state the percentage of the benefit each is to receive.

The Trustee will notify you of your nomination annually, and give you the opportunity to confirm or change it. You can also change it at any other time, as long as you complete your nomination in accordance with the requirements detailed above.

If a person nominated in a binding nomination is no longer a dependent or legal personal representative, your whole nomination is considered invalid (non-binding) and the Trustee will determine who your benefit is distributed to

Keep in mind the Trustee will also treat a binding nomination as a (non-binding) nomination of preferred beneficiary, if:

- your binding nomination is not wholly valid (e.g. percentages don't add to 100%) or
- your binding nomination isn't confirmed or amended within the three-year period.

To make a binding nomination, complete Section 7 of the HESTA for Mercy *Income Stream application form* and the *Beneficiary nomination form* in the middle of this guide.

Nomination of preferred beneficiary

When you nominate a preferred beneficiary, you're telling us who you'd prefer to receive your benefit when you die, but this nomination isn't legally binding.

The Trustee will distribute your benefit to your dependants and/or legal personal representative in the proportions and manner it determines, at its sole discretion.

The Trustee is required by law to act in members' and beneficiaries' best interests, and to carefully consider your wishes. This will include considering any nomination of preferred beneficiary you may have made, and/or any Will you may have in place.

Unlike binding nominations, a nomination of preferred beneficiary does not need to be regularly confirmed.

However, if your circumstances change, and you do not update your nomination, the Trustee may not be fully aware of your wishes. For this reason, you should regularly review your nominations and communicate changes to the Trustee in writing.

To make a nomination of preferred beneficiary complete Section 7 of the HESTA for Mercy *Income Stream application* form in the middle of this guide.

Reversionary beneficiary option

You can nominate a reversionary beneficiary when you start your HESTA for Mercy Income Stream. This means your income stream payments will automatically revert to the person you nominate on your death if they remain a dependant for superannuation purposes at the time of your death.

A reversionary beneficiary can be:

- a spouse (including a de facto spouse)
- your child (if under 18)
- a financial dependant (at the time of death), or
- an interdependant (explained in *What's an 'interdependency relationship'?*), both at the start date of your income stream and at the date of your death.

A valid reversionary beneficiary takes precedence over any binding nomination or preferred beneficiary nomination you may later forward to HESTA.

It's important to note that you can only choose one reversionary beneficiary. At the time of your death, your reversionary beneficiary must provide certain documents to prove their identity in accordance with the *Anti-Money Laundering and Counter Terrorism Financing Act 2006.*

If they are under age 60, the reversionary beneficiary may be required to complete a *Tax file number declaration* form (included in this guide). They must also provide new bank account and beneficiary details and certified identification, such as a valid photographic driver's licence or passport.

A reversionary beneficiary nomination, when accepted by the Trustee, is generally binding on the Trustee and is irrevocable. This means that, in most cases, you cannot change your decision once you have nominated a reversionary beneficiary. If you would like to change or remove your reversionary beneficiary at a later date, you must set up a new income stream by completing a new application form.

! We recommend you seek financial advice before nominating a reversionary beneficiary. Contact us on 1300 368 891 to make an appointment with a HESTA Superannuation Adviser.

To nominate a reversionary beneficiary, complete Section 7 of the HESTA for Mercy *Income Stream application* form in this guide.

Step 5

Complete the forms

When preparing your application, the checklist on page 1 of the forms section will guide you through the requirements.

Checking each of the relevant boxes before sending us your application can help avoid delays in setting up your account.

If you need help completing the forms

For help with the application and beneficiary nomination forms, call us on 1300 368 891. We'll be happy to help you.

For help completing the *Tax file number declaration* form, visit **ato.gov.au** or call 13 28 61.

contact, advice and complaints

We're here to help you make the most out of your income stream. This section details how you can contact us, ways to access your account and where to go for advice.

As a HESTA for Mercy Income Stream member, we'll keep in touch with you and help you keep track of your account.

How we keep in touch with you

- ✓ Annual statement
- ✓ Tax statement and PAYG Payment Summary if you're under 60
- ✓ Written confirmation of changes you've requested

Copies of this Product Disclosure Statement and the *Annual Report* can also be found at **hestaformercy.com.au**

How you can stay in touch with us

Phone
1300 368 891

Mail
PO Box 8334, Woolloongabba, QLD 4102

Email
information@hestaformercy.com.au

Web
hestaformercy.com.au/incomestream

When members have a concern, we listen

If you're not satisfied with our products or services, we have a complaint resolution process to address your concerns fairly and efficiently.

Internal dispute resolution process

Step 1

If your concern relates to your HESTA for Mercy Income Stream account, call 1300 368 891.

OR

If your concerns can't be resolved immediately, you can provide more detailed information about your complaint to our Complaints Officer by:

Mail: HESTA Complaints Officer
PO Box 8334, Woolloongabba, QLD 4102

Email: HESTA for Mercy Income Stream accounts
information@hestaformercy.com.au

Step 2

We'll investigate your complaint and try to resolve it in 10 business days.

If we can't respond fully in that time, we will keep you informed about the progress of your complaint.

We have 45 days to resolve the complaint, or if your complaint relates to a decision about a death benefit, 90 days (after the expiry of the 28 calendar day period for objecting to a proposed death benefit). Our response will detail the outcome of the investigation and the reason for our decision. This process is free of charge.

External dispute resolution process

The **Australian Financial Complaints Authority** (AFCA) has been established to resolve complaints with financial services providers which consumers can access free of charge.

If you haven't received a response from us within 45 days, or after receiving our decision you are not satisfied with our response, you can complain to AFCA.

Australian Financial Complaints Authority

Mail: GPO Box 3, Melbourne VIC 3001

Phone: 1800 931 678 (free call)

Email: **info@afca.org.au**

Website: **afca.org.au**

Timeframes for complaints to AFCA

For AFCA to deal with certain complaints they must be made within certain timeframes:

Death benefits

If you object to a decision about a death benefit, this will be treated as a complaint and HESTA will have 90 days to respond (after the expiry of the 28 calendar day period for objecting to a proposed death benefit). You may also make a complaint to AFCA, within 28 days of being notified of our final decision.

Statements given to the ATO under s.1053(2) of the Corporations Act 2001

One year from notice.

Other superannuation complaints

For all other complaints you will have two years from the date of our response to make a complaint to AFCA.

Staying on track

Accessing your account online

Manage your account – anytime, anywhere – using your online account. It lets you manage your account over the internet conveniently and securely

You can:

- check your account balance and transactions
- review and switch your investments
- change your payment amount or frequency
- update your beneficiary nominations.

Simply call us on 1300 368 891, with your member number at hand, to get your password. You'll have received your member number on opening your account.

Then just log into **hestaformercy.com.au/login**

Making changes to your account

Changing your payment amount and/or frequency

Your existing payment nomination will remain in place until you tell us you want to change it.

You can make changes to your payment amount and/or frequency in two ways:

- via **hestaformercy.com.au/login** or
- by completing a *Income Account withdrawal* form available from **hestaformercy.com.au/forms**

You can use this form to:

- change your payment amount, provided it meets the minimum and maximum drawdown amounts set by the government. Note: maximum drawdown amounts apply to TTR income stream members only
- change how often you want to receive your income payments. You can choose to receive payments fortnightly, monthly, quarterly, half-yearly or yearly.

Lump-sum withdrawals

You can make a withdrawal request for all or part of your investment at any time. TTR members may only be paid a lump sum in the circumstances set out on page 53 under the heading, *'What's a non-commutable income stream?'*.

If a partial withdrawal is made – whether paid directly to you or transferred to another fund – it does not contribute to your minimum yearly payment.

Withdrawals can only be paid to a pre-nominated Australian bank account as per your income payments.

Please refer to page 40 for the tax applicable to lump-sum withdrawals. We will send you confirmation of your withdrawal payment.

You can make a lump-sum withdrawal in two ways:

- via **hestaformercy.com.au/login** (partial cash payments only up to $50,000)

or

- by completing a HESTA for Mercy *Withdrawal Request form* (available at **hestaformercy.com.au/forms**)

Scan and email all forms to **information@hestaformercy.com.au**, or mail to:

HESTA for Mercy
PO Box 8334, Woolloongabba, QLD 4102

Withdrawal requests must be completed correctly, in full and authorised by the appropriate signatories. Incomplete or unsigned withdrawal requests will not be processed.

Only partial withdrawals can be made via your online account. To make a full withdrawal, you need to complete an *Income Account withdrawal* form.

Once your withdrawal request is received, it can only be cancelled by providing us with your written notification.

We will process your request for withdrawal and transfer your withdrawal proceeds to your previously nominated rollover institution, bank, building society or credit union account on your behalf.

Withdrawing money is likely to have tax and/or social security implications. Please consult your financial adviser for more information.

Reviewing your investment choice

Your investment needs and attitude to risk may change over time, so you should consider periodically reviewing your investment strategy.

Investment markets can be volatile, leading to increases and decreases in the performance of investments. When reviewing your investment strategy, it's important to consider investment performance over the medium to long term, to avoid the prospect of overreacting to short term market shifts.

To update your investment choice, log into **hestaformercy.com.au/login**

Not registered for your online account? No problem, simply call us on 1300 368 891 or go to **hestaformercy.com.au/register**

investment switches

There is no cost to switch your investment strategy or investment options. Switching investments online can only be for the full account balance.

Switch your investments quickly and conveniently online at **hestaformercy.com.au/login** We'll process your switching request and send you a letter confirming the details of your switch.

It's recommended you seek financial advice before switching your investments. A HESTA Superannuation Adviser can provide you with advice on our range of investment options and switching your investments. To speak to one of our Superannuation Advisers, call 1300 368 891.

When is your switch request processed?

You can switch the investment option for your current account balance or future contributions at any time, at no extra cost.

Valid investment switches received by 11:59pm AEST/AEDT on a business day[1], in most cases, will be finalised in your account up to three business days after we receive your request and have calculated the unit price to apply to your investment switch. Requests that are received before 11.59pm AEST/AEDT on a business day to change the way your future contributions and transfers are invested will take effect the same day.

Any valid investment switch request received after 11:59pm AEST/AEDT or on a non-business day will be treated as being received the next business day.

1 Weekends and weekdays that fall on a National public holiday and the King's birthday (VIC/NSW) when the Australian Stock Exchange (ASX) is closed are non-business days

How are unit prices applied to investment switches?

Valid investment switch requests received by 11:59pm AEST/AEDT on a business day will receive the unit price calculated at the close of the following business day. It takes up to two business days to collate valuation data and reflect this in unit prices to apply to your investment switch.

Please note:

- You can cancel a switch request by calling the contact centre before the office close time on the same business day on which the switch was requested.
- Any funds received after the investment switch is requested but before the switch is applied, will be invested in the new investment option.
- With an investment switch, units in the current investment option are sold and units in the option you are switching to are bought. Units that are sold at a different price than they were bought will trigger investment gains or losses. This may be reflected as interest, investment return or earnings which represents the value of the change in unit prices. This may also be captured in your annual statement or online transactions.
- Incorrect or incomplete switching requests may delay the processing of switches. HESTA has the discretion to refuse an application.

other things you should know

We've told you about the benefits, features and options available to you when you open a HESTA for Mercy Income Stream, but there are other important things you need to consider. Things like, how we use your personal information, your cooling-off period and other administration considerations that might apply.

This section details other important information you need to know when opening an income stream.

Protecting your personal information

Privacy Policy and Privacy Collection Statement

We generally collect your information for the purpose of administering your account. To find out more about the type of information we collect and how it is used please view our full Privacy Policy and Privacy Collection statement by visiting our website **hestaformercy.com.au/privacy** or call 1300 368 891 to request a copy.

Some things you should know

The Trustee of HESTA is H.E.S.T. Australia Limited ABN 66 006 818 695. The Trustee holds an Australian Financial Services Licence (AFSL No. 235249). The Trustee is responsible for the administration and management of HESTA, in accordance with the law and the obligations and powers of the Trust Deed.

The HESTA Trust Deed deals in part with the Trustee's responsibilities and obligations regarding the HESTA Income Stream. It contains certain minimum provisions. Subject to the law and limitations of the Trust Deed, we can change the Trust Deed.

The Trust Deed is available on our website at **hestaformercy.com.au/disclosure**

Keep in mind

- you should gather all the funds you intend to deposit into your income stream before you start your account. You cannot make additional deposits, transfers or rollovers once you start receiving payments. However, you can open another HESTA for Mercy Income Stream account if you have a further $50,000 or more in super to invest
- you may be able to claim a tax deduction on personal contributions made to a super fund (including HESTA). It is important that you notify your super fund (including HESTA) of your intention to claim a tax deduction, and receive their acknowledgement, before rolling your balance into a HESTA for Mercy Income Stream. Your fund will generally not be able to action your request after your super has been transferred
- there's no guarantee your investment option will achieve positive returns. Economic conditions, interest rates and inflation may cause negative investment returns
- taxation and pension laws can and may change in the future
- insurance isn't available through the HESTA for Mercy Income Stream so you should consider other sources of death and disablement insurance cover if you transfer all your super into the HESTA for Mercy Income Stream. Alternatively, you may wish to consider keeping some funds (a minimum of $6,000) in your super account to maintain your cover
- under the government's transition to retirement rules, access to your money is generally restricted by a maximum allowable annual payment amount until you meet a condition of release (such as permanently retiring)
- a HESTA for Mercy Income Stream is counted as an asset and income for the purposes of assessing eligibility for the Age Pension.

Cooling-off period

Once you open a HESTA for Mercy Income Stream, you have 14 days to reconsider your investment. The 14-day cooling-off period commences the earlier of:

- you receiving confirmation of your application, or
- the end of the fifth business day after membership is issued to you.

Within the cooling-off period, you can withdraw your investment or transfer it to another institution. To withdraw or transfer your investment, simply send a letter to HESTA within the 14-day period. Your letter must reach us before the 14-day period has expired.

If you choose to withdraw during the cooling-off period, the amount you receive may be less than the amount of your original investment. It will reflect any movement in the value of the investment option(s) you have selected, amounts already paid to you and any tax payable on that amount. If contributions already made were taxable, then this tax may already have been paid, and you may be able to claim it back from the ATO.

If any of your investments in HESTA for Mercy Income Stream are either preserved or restricted non-preserved benefits (i.e. those that under federal government regulations could not be paid out to you but had to be preserved until some future time), those amounts can only be paid to you in cash if you have:

- permanently retired from the workforce after reaching your preservation age, or
- ceased an employment arrangement since turning age 60, or
- reached age 65, or
- suffered a terminal medical condition, or
- become permanently incapacitated, or
- satisfied financial hardship or compassionate grounds eligibility, or
- died.

If you have not met one of the above conditions, such amounts must be transferred to another complying super fund, non-commutable income stream product or approved deposit fund of your choice.

What's permanent incapacity?

Permanent incapacity means ill-health (whether physical or mental) where the Trustee is reasonably satisfied that the member is unlikely, because of ill-health, to ever again engage in gainful employment for which the member is reasonably qualified by education, training or experience.

Automatic account closure

A HESTA for Mercy Income Stream account may be automatically closed by the Trustee where:

- the account balance is no longer sufficient to cover the next scheduled pension payment; or
- the account balance is less than $2,000 at 1 July.

An account may also be closed where required by legislation.

Family law and super

The *Family Law Act (1975)* allows couples to divide their super interests in the event of a marriage breakdown. The interests may be divided by formal agreement or by a Family Court order. Interests can be divided in the payment phase (when the member is receiving income payments) as a percentage of the regular income payments.

In the event a member's super interests are split, a new HESTA for Mercy Income Stream account can be created by the non-member spouse, or their interest may be transferred or rolled over to another regulated super fund. We recommend you seek professional advice from a legal adviser or the Family Court about the consequences of separation and divorce for your super interests.

Death benefit paid as an income stream to a minor child

An income stream can only be paid to a child of the member if, at the time of the member's death, the child is:

- under the age of 18 years; or
- aged between 18 years and 25 years and is financially dependent upon the member at the time of their death; or
- suffers from a (prescribed) disability.

An income stream paid to a child (who is not disabled) of a member can only be paid until the child reaches the age of 25 years. When the child attains the age of 25 years, the income stream must then be commuted and any residual capital is paid as a tax-free lump-sum in accordance with s303-5 of the *Income Tax Assessment Act 1997*.

An income stream being paid to a disabled child can continue to be paid, provided the child is disabled at the later of:

- reaching age 25; and
- the death of the member.

If the Trustee has determined to pay a death benefit as an income stream to a minor child, the income stream account will be set up in the name of the minor child and will require the minor child to have a tax file number. If the minor child does not have a tax file number, their legal guardian will need to apply for one on their behalf. Income payments will be paid into a nominated bank account and the guardian of the child will be required to sign all paperwork on behalf of the minor child.

Application forms

The application forms attached to this PDS contain important terms and conditions about your application for this product. You should read them carefully and in full.

Eligibility – temporary residents

Under the *Superannuation Industry (Supervision) Act 1993 (SIS)*, any person who holds, or has ever held, a temporary visa and:

- is not an Australian citizen or a New Zealand citizen or a permanent resident of Australia, or
- is not the holder of a subclass 405 (investor retirement) visa or a subclass 410 (retirement) visa

can only access their superannuation benefits under the following limited conditions:

a) the person satisfied a condition of release (see page 5) before 1 April 2009

b) terminal medical condition

c) permanent incapacity

d) death

e) temporary incapacity

f) as a Departed Temporary Resident Payment

g) under a release authority for excess contributions

h) if their benefit has been transferred to the Australian Tax Office (ATO) as unclaimed money or as a departed temporary resident benefit after six months.

Benefits payable in accordance with conditions (d) to (h) are ineligible to be used to start an income stream.

Deciding how to manage and live off your savings during retirement can be daunting, but it doesn't have to be. With the right guidance, you can make the most of your super in retirement.

Our help and advice service is here to give you that guidance. Our Superannuation Specialists and Superannuation Advisors can help show you some hassle-free ways you can use an income stream to boost your super before retirement. Or, if you're ready to start winding back on work, our advice team can help you plan your path to a better work-life balance.

Getting the right advice, starts with you

Of course, getting the right advice starts with understanding what you want and which option fits in best with your life. In addition to advice, we also provide a variety of help options – from the convenience of online help, right through to workplace help sessions. All you need to do is choose the options that work best for you.

Help and advice

Retirement planning information sessions — demystify retirement

- boosting your super before retirement
- transition to retirement
- stretching your super further
- creating a comfortable retirement
- super and the Age Pension.

One-on-one advice

- review your investment options
- lump-sum contribution advice
- determine the most tax-effective way to make additional contributions to your super
- determine the adequacy of your income in retirement
- consider your insurance needs.

Personal retirement advice — get the most out of your retirement

- setting your retirement goals
- super and the Age Pension
- maintaining your super and insurance when you start accessing your super
- help with creating a personalised transition to retirement strategy through superannuation
- fees may apply.

contact us

information@hestaformercy.com.au | 1300 368 891 | PO Box 8334, Woolloongabba, QLD 4102 | **hestaformercy.com.au**

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ready to apply?

HESTA for mercy super

How to apply

To be eligible to invest in the HESTA for Mercy Income Stream, you need to meet the criteria outlined on page 5 of the PDS.

The minimum investment amount is $50,000. In general, we are not permitted to accept a superannuation rollover unless it is transferred directly to us from your HESTA for Mercy Super account.

Table of contents

Application checklist

Before you send your application(s) please make sure you have:

- [ ] **Read and understood this guide**
  Don't forget, if you have questions about HESTA for Mercy Income Stream, our Advisers can help. Simply call us on 1300 368 891.
- [ ] **Completed the application form**
  - [ ] Indicated if you are starting your HESTA for Mercy Income Stream as a Transition to Retirement Income Stream member. (If applicable)
  - [ ] Indicated how much you want to transfer from your HESTA for Mercy super account.
  - [ ] Confirmed your investment decision in Section 3 – *Investment options.* (By choosing individual options)
  - [ ] Nominated your chosen payment amount and frequency.
  - [ ] Indicated whether you intend to claim a tax deduction for any non-concessional contributions made into your superannuation account. If so, please complete and submit an ATO NAT71121 *- Notice of intent to claim or vary a deduction for personal super contributions application prior to submitting your income stream application.*
    - [ ] Nominated your chosen payment amount and frequency.
  - [ ] Provided and confirmed your bank account details.
  - [ ] Read, understood, signed and dated the declaration in Section 9.
- [ ] **Proof of identity**
- [ ] **Completed the *Beneficiary nomination* form**
  (Optional)
- [ ] **Completed the *Tax file number declaration* form**
  (If you're under age 60)

contact us

information@hestaformercy.com.au | 1300 368 891 | PO Box 8334, Woolloongabba, QLD 4102 | hestaformercy.com.au

Issued by H.E.S.T. Australia Limited ABN 66 006 818 695 AFSL No. 235249, Trustee of HESTA ABN 64 971 749 321.

Rolling over super from another fund

To rollover your super from other complying super funds (outside of HESTA for Mercy), you will need to complete the *Consolidate your super* form to transfer these amounts into your HESTA for Mercy super account, in addition to the application form.

You must complete a separate transfer form for each of your nominated rollovers. Please photocopy the transfer form or contact us for additional copies if you need them.

It's important to note that your HESTA for Mercy Income Stream will not be established until the final amounts form your other complying super funds have been received in your HESTA for Mercy super account.

! You don't need to complete a transfer form for funds being transferred from your HESTA for Mercy super account.

Don't forget to provide your TFN!

It's beneficial to provide your tax file number (TFN) to your super fund. But supplying your TFN is voluntary, and it's not an offence if you choose not to provide it.

Here are some great reasons to provide your TFN:

- HESTA will be able to accept all permitted types of contributions to your account,
- other than the tax that may ordinarily apply, you will not pay more tax than you need to – this affects both contributions to your superannuation and benefit payments when you start drawing down your superannuation benefits, and
- it will make it much easier to find different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

Ready to send in your forms?

Complete and sign forms with certified copies of your identification (if you've opted out of electronic identification), bank account details and, where applicable, certified copies of linking documentation. Scan and email all requirements to **information@hestaformercy.com.au**, or mail to:

HESTA for Mercy
PO Box 8334, Woolloongabba, QLD 4102

When we receive your completed forms and your identity has been verified, we'll process your application and send you a letter confirming your investment and the amount and frequency of your payments.

Payments must commence in the tax year you join, unless you start your income stream between 1 June and 30 June in any year, in which case payments can start in the following tax year.

Once you commence your income stream, we cannot accept additional contributions or investments to your income stream account. However, you can start another income stream, subject to meeting the minimum investment requirement. These will be treated as separate investments when determining fees.

contact us

information@hestaformercy.com.au | 1300 368 891 | **Email form to information@hestaformercy.com.au, or mail to: HESTA for Mercy, PO Box 8334, Woolloongabba, QLD 4102**

proof of identity

Proof of identity

From time to time you may be required to provide certified proof of identity and other information to ensure the security of your HESTA for Mercy account.

To help make this process easier, read through this factsheet to determine the documents you need to supply and the steps you need to take when we ask you to prove your identity.

When do I need to prove my identity ?

You will need to provide us with certified identification before progressing with certain transactions. Typically this will include transactions that involve paying any money out of your account or authorising someone else to speak to us on your behalf or connect to your account in any way.

The most common situations for when this occurs is when you are:

- Applying for a benefit payment
- Transferring to a self-managed super fund (SMSF)
- Transferring to a KiwiSaver account
- Activating an Income Account

1. Primary identification documents

To prove your identity you will need to provide a certified copy of one of the following primary identification documents that contains your photograph, date of birth and signature (copy both sides where applicable):

- current driver's licence
- Australian passport or a current foreign passport
- current card issued under a State or Territory for the purpose of proving a person's age (that contains your photograph and signature).

Identification documents must not be expired (excepting an Australian passport which may be expired within 2 years).

The person certifying your documents must state their name, their position (e.g. Justice of the Peace, Police Officer) and their position identifier (e.g. JP Number, Police badge number).

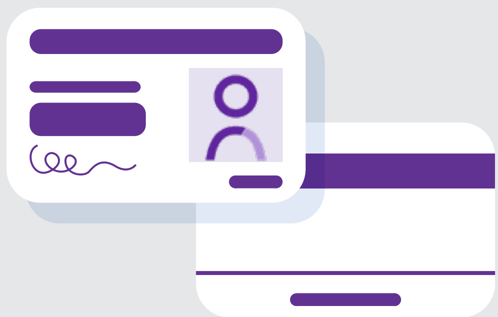
The certification must not be more than 12 months old.

Identifying another super fund

If you are providing us with instructions relating to another super fund, we will ask you for additional identifying information including Tax File Number and if it's a Self Managed Super Fund (SMSF), copies of a recent bank statement of the SMSF.

IMPORTANT: If you are unable to provide a copy of your primary identification documents, you can provide alternative documents (see overleaf)

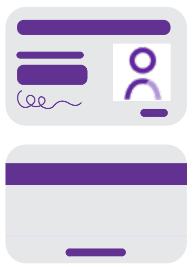
2. Photocopy both sides of your ID



The photocopy should:

- be easy to read
- show your current ID in full (expired ID won't be accepted)
- be less than 12 months old when we receive it
- have your current residential address on it.

3. Certify your identification



I certify that this document is a true copy of the original having being sighted by me on this day 17 March 2021.

J. Sample

Mr John Sample
Justice of Peace
Registration No. 123456789

Take both your original ID document/s and the photocopy to an authorised person who can certify (such as Justice of the Peace, police officer, medical practitioner or post office employee - see overleaf for other people that can certify your documents).

After sighting the original and the copy and making sure both documents are identical, the authorised person will certify each page of your copies. The example above shows how a certified copy of your proof of identity should look.

This must be included on **every** page.

4. Provide copies of your certified ID to HESTA for Mercy

PO Box 8334,
Woolloongabba QLD 4102

OR

information@hestaformercy.com.au

Alternative identification

If you are unable to provide any primary photographic identification, you will need to provide two certified identification documents, one from each of the following lists:

- Birth certificate or birth extract
- Citizenship certificate issued by the Commonwealth
- Pension card issued by the Department of Human Services (Centrelink) that entitles the person to financial benefits (back and front)

AND

- Letter from the Department of Human Services (Centrelink) or other Government body (in your name) in the last 12 months regarding a Government assistance payment
- Tax Office Notice of Assessment (in your name) issued in the last 12 months
- Rates notice from local council (in your name) issued in the last 3 months
- Electricity, gas or water bill (in your name) issued in the last 3 months
- Landline phone bill (in your name) issued in the last 3 months (mobile phone bills will not be accepted)

We may ask you for more information

We don't like asking you for more than we need to, however for your security we may ask for additional information relating to your identity. We'll only do this if we need greater confidence that it is you we are dealing with and not a criminal or unauthorised person. Sometimes we'll be acting on advice from authorities about known fraudulent practices and taking extra precautions.

Who can certify documents in Australia?

For a full listing of people who can certify your documents, see Schedule 2 of the Statutory Declarations Regulations 2018.

Some of the people who can certify copies of originals as true copies are:

- a Justice of the Peace
- a Commissioner for Declarations
- a financial adviser or financial planner with two or more years continuous service with one of more licensees
- a police officer
- a medical practitioner
- a nurse
- an accountant (member of ATMA, CA ANZ, CPA or IPA)
- a teacher permanently employed on a full time or part time basis at a school or tertiary institution
- a notary public
- a magistrate
- a bank officer with 2 or more continuous years of service

Who can certify documents outside of Australia?

- an authorised staff member of an Australian Embassy,
- High Commission or Consulate
- an authorised employee of the Australian Trade Commission who is in a country or place outside Australia
- an authorised employee of the Commonwealth of Australia who is in a country or place outside Australia
- a Member of the Australian Defence Force who is an officer or a non-commissioned officer with 2 or more years of continuous service
- a Notary Public from a country ranked 129 or below in the latest Transparency International Corruptions

Change of name

If you have changed your name, you **must** provide a certified copy of the relevant name change document, for example, a Marriage Certificate issued by the Registry of Births Deaths & Marriages, Decree Nisi or Deed Poll (in addition to the above identification).

If your legal name or date of birth does not match exactly to our records (excluding aforementioned name changes), please contact us for further instructions.

Signing on behalf of another person.

If you are signing on behalf of a HESTA for Mercy member you will need to provide the following:

- a **certified** copy of the Guardianship papers or Power of Attorney; and
- a **certified** copy of the appropriate proof of identity for the holder of the Guardianship or Power of Attorney.

Note: Certified ID is also required for the member

Note: If your identification is written in a language other than English, the identification must be accompanied by an English translation prepared by a translator accredited by the National Accreditation Authority for Translators and Interpreters Ltd. (NAATI) at the level of Professional Translator or higher (or an equivalent accreditation), to translate from a language other than English into English.

contact us

1300 368 891 | **Email form to information@hestaformercy.com.au or mail to: PO Box 8334, Woolloongabba QLD 4102**

HFM027 12/2022 ISS1

HESTA for Mercy Income Stream application form

HESTA for mercy super

Type in the information or if writing please do so in CAPITAL letters.

1 Your details

Applying for an income stream under the **transition to retirement** provisions (see pages 6-8 of the PDS)? ☐ Yes ☐ No

Title: Ms ☐ Mrs ☐ Miss ☐ Mr ☐ Dr ☐

Given name/s:

Family name:

Date of birth:

D D M M Y Y Y Y

Mother's maiden name: (Information collected for security reasons only)

Preferred mailing address:

PO Box / Unit number / Street number

Street name

Suburb

State/Terr. Postcode

Telephone number (business hours):

Telephone number (after hours):

Mobile:

Email:

By providing your email, you agree to receive electronic communication of materials that might otherwise have been sent in paper from us in the future.

Tax file number:

Exemption (please see the TFN declaration):

Please read 'Giving us your tax file number' on page 41 of the PDS for more information.

2 Rollover details

Please fill out the details and the amount you would like to transfer to your HESTA for Mercy Income Stream, including your HESTA for Mercy Super account.

PART A: Rolling over from your HESTA for Mercy Super account

HESTA for Mercy member number:

Please select one option only.

X **Transfer entire balance**
Please transfer the total balance of my HESTA for Mercy Super account to my HESTA for Mercy Income Stream and close my HESTA for Mercy Super account, **or**

X **Transfer entire balance less $6,000 to keep my HESTA for Mercy Super account open and retain any insurance**
Please retain $6,000 estimated balance in my HESTA for Mercy Super account and transfer the remainder to my HESTA for Mercy Income Stream. **or**

X **Transfer a specified amount**
Please transfer the amount of $
from my HESTA for Mercy Super account to my HESTA for Mercy Income Stream.

I am aware I may ask for information about any fees or charges that may apply, or any other information about the effect this transfer may have on my benefits and insurance, and do not require any further information.

contact us

information@hestaformercy.com.au | 1300 368 891 | **Email form to information@hestaformercy.com.au, or mail to: HESTA for Mercy, PO Box 8334, Woolloongabba, QLD 4102**

3 Investment options

Create my own strategy

Choose from the below HESTA for Mercy Income Stream investment options.

Step 1 **Investment options**

Investment options	% of total
Conservative	%
Balanced Growth	%
Indexed Balanced Growth	%
Sustainable Growth	%
High Growth	%
Cash and Term Deposits	%
Diversified Bonds	%
Property and Infrastructure	%
International Shares	%
Australian Shares	%
Total **(must add up to 100%)**	**%**

Step 2 **Payment drawdown details**

Note: If you do not make a valid nomination below, payment will be drawn down in the same proportion as your initial investment allocation.

Indicate how you would like to drawdown your payments.

Please choose **one** option only. You can:

Option 1: Withdraw payments in proportion to your investment balance

X Choose to have the income payments withdrawn from each investment in proportion to the balance in each investment option at the time of payment.

Option 2: Specify the order of payments

X Choose the order of investments from which you would like to drawdown your income payments (e.g. 1 to 10).

Investment options hierarchy order	
Conservative	
Balanced Growth	
Indexed Balanced Growth	
Sustainable Growth	
High Growth	
Cash and Term Deposits	
Diversified Bonds	
Property and Infrastructure	
International Shares	
Australian Shares	

Option 3: Nominate the percentage to be withdrawn

X Specify which investment(s) you want your income drawn from and what percentage you want drawn from each.

Investment options	Percentage
Conservative	%
Balanced Growth	%
Indexed Balanced Growth	%
Sustainable Growth	%
High Growth	%
Cash and Term Deposits	%
Diversified Bonds	%
Property and Infrastructure	%
International Shares	%
Australian Shares	%
Total **(must add up to 100%)**	**%**

4 Income stream payment details

If you do not nominate a payment amount, we will pay the minimum amount the government requires you to withdraw.

Please select one option only.

The amount I would like to receive is:

X **Minimum amount (default)**
The minimum amount approved under government legislation (see 'Working out your minimum payment amount' in the PDS before choosing this option. NOTE: If an income stream commences after 1 July your first year payment will be pro-rated between commencement and the following 30 June), **OR**

X **Maximum amount (Transition to retirement (TTR) members under 65 only)**
10% of my account balance for a full year. If you have selected the maximum, please choose one of the following options:

- X the full maximum for the first financial year
- X the maximum for the remainder of this financial year on a pro-rata basis (default), **OR**

X **Nominated amount per payment**
Nominate an amount that will result in an annual amount that is between my minimum and maximum income limits

$ **OR**

Note: If you invest between 1 June and 30 June, your minimum amount is zero. You may choose not to receive a payment until the next financial year by ticking here: X

5 Bank account details

Your nominated bank account must be held in your name or, if it is a joint account, you must be one of the account holders.

Please pay my income stream as follows

Name of bank/building society/credit union:

Name account is held in:

Branch number (BSB): Account number:

X I confirm that the bank account is in my name (or jointly) and the details provided above are correct.

! Please ensure the information you have provided is correct as it may not be possible to recover your money if it is paid to an unintended recipient. HESTA for Mercy takes no responsibility for incorrect bank details being provided.

6 Income stream payment frequency

Note: If you do not nominate the frequency of your income payments, your income will be paid annually on 30 June.

I would like to receive my income payments:

X fortnightly X monthly X quarterly
X half yearly X yearly

Please nominate your payment start date:

For monthly, quarterly, half-yearly or yearly payments only, please note that your payment will be made on the 15th of the month.

7 Beneficiary details

Please advise how you want your account handled after your death. If you don't nominate a beneficiary option, the balance of your account will be paid as determined by the Trustee on your death in accordance with the Trust Deed. If your nomination is unclear (i.e. no selection or selecting more than one option), your account will be set up with no beneficiary nomination. You will have the option of adding non-binding or binding beneficiaries at a later stage. See pages 53 - 55 of the PDS.

Please select one option only.

X **Reversionary beneficiary**
(Income stream to continue to be paid after your death. See pages 53 - 55 of the PDS.)

Note: Members can nominate one beneficiary **only** to receive an income stream upon their death. This cannot be changed.

Ms X Mrs X Miss X Mr X Dr X

Given name/s:

Family name:

Date of birth: D D M M Y Y Y Y

Gender: Female X Male X

Relationship to you:

(Must be your dependant at the time of your death)

OR

X **Preferred beneficiary** (See page 55 of the PDS for details.)

Name:

Relationship to you: % of benefit: %

Name:

Relationship to you: % of benefit: %

Name:

Relationship to you: % of benefit: %

(If you have more nominations, please write them on a separate sheet, sign and date it and attach to this application)

Total (must add up to 100%) %

OR

X **Binding nomination**
(Complete the *Beneficiary nomination* form).

Binding death nominations can be amended in writing at any time. In all cases, they MUST be confirmed no later than the end of the three-year period after the day it was first signed, notified, last confirmed or amended by the member making the nomination. Beneficiaries of valid binding nominations can receive payment as a lump sum or continuing income stream. If the binding death nomination is not confirmed or amended within this three-year period, it will revert to a preferred beneficiary nomination.

8 Financial adviser details (if applicable)

X I authorise my financial adviser to obtain relevant information and/or to monitor my account on my behalf. This authority continues for a period of 18 months unless revoked by me.

Financial Adviser's name:

Adviser's Business name:

ASIC Financial Adviser Register Number:

Licensee Name:

AFSL Number:

Address:

Phone number:

Email:

Adviser stamp:

9 Signature and declarations

This application form is attached to a Product Disclosure Statement (PDS) which is a summary of important information relating to the HESTA for Mercy Income Stream. The PDS will help you to understand the product and decide whether it is appropriate for your needs. HESTA recommends that, before you sign this application form, you read and understand the PDS to which this application is attached. If HESTA accepts your application, your rights as a member will be determined by the Trust Deed governing HESTA available at **hestaformercy.com.au/disclosures** or by calling 1300 368 891.

Please mark one box only.

I declare that, with regard to my eligibility to become a member, one of the following is true:

Reached preservation age and employed

X I have reached my preservation age, I am under age 65 and have not ceased gainful employment (e.g. continue to work part-time or full-time or intend to keep working), **or**

Reached preservation age and no longer employed

X I have reached my preservation age and am no longer gainfully employed. I am not intending to rejoin the workforce, full time or part time, at any time in the future, **or**

60 years of age and ceased employment

X I am 60 years of age or older and I have ceased gainful employment since turning 60, **or**

Have been declared totally and permanently disabled/incapacitated

X I have been declared totally and permanently disabled/ incapacitated and have provided the Trustee with two medical certificates to that effect, **or**

Age 65 or over

X I am age 65 or more, **or**

Investment from spouse's death benefit

X My initial investment is from my spouse's superannuation death benefit.

In signing this application form, I declare that:

- all details in this application are true and correct
- the whole of my investment is made up of one or more rollover benefits
- I am eligible to receive superannuation benefits in accordance with Superannuation Industry Supervision Regulations (see the PDS 'Eligibility — temporary residents' on page 61)
- I have no unresolved claims for tax deduction of personal contributions and understand that if my HESTA Income Stream commences before I have resolved any such claims, then I may no longer be able to claim that tax deduction.
- if this application is signed under Power of Attorney, the Attorney declares that no notice of revocation of that Power of Attorney has been received (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it)
- I have attached certified copies of all required identification documents (see *Proof of identity*) or provided details for electronic verification
- I understand that if I transfer the full account balance from my HESTA for Mercy Super account to the HESTA for Mercy Income Stream, any HESTA for Mercy insurance entitlements I may have will cease
- The Trustee of HESTA has no responsibility for my decision to transfer benefits except to the extent that I have received personal financial product advice from HESTA in respect of the creation of my HESTA Income Stream
- I understand that once I submit my application, my membership of HESTA for Mercy Income Stream will commence on the date all requested transfer amounts are received
- I have read and understood the HESTA Privacy Collection Statement available at hestaformercy.com.au/privacy or by calling 1300 368 891 and consent to the trustee of HESTA collecting, using and disclosing my personal information for the ongoing administration of my membership by the fund administrator and other service providers
- the bank account details I have provided are correct and I acknowledge that HESTA will not verify these details.

Signature:

Name (in block letters):

Date:

D D M M Y Y Y Y

contact us

information@hestaformercy.com.au | 1300 368 891 | **Email form to information@hestaformercy.com.au, or mail to: HESTA for Mercy, PO Box 8334, Woolloongabba, QLD 4102**

HFM003.3 09-23 ISS3

HESTA for mercy super

Beneficiary nomination

Did you know that your super doesn't automatically form part of your estate and can't be included in your Will? Nominating your beneficiary enables you to have your say about who receives your super (including any insurance cover) when you die.

No one likes to think about what will happen when they die but planning ahead will make it much easier for your loved ones when you do. Your super and any insurance cover is likely to be one of your biggest assets so it's important to provide clear instructions on who you want to receive your HESTA for Mercy benefits in the event of your death.

Your beneficiary nomination options

- **Option 1 – Binding nomination**
  A binding nomination means the Trustee is bound to pay any death benefit entitlement according to your nomination (providing it is valid at the time). A binding nomination is the best way to make sure the beneficiaries you nominate will receive your benefit when you die.
- **Option 2 – Non-binding nomination**
  As the name suggests, a non-binding nomination means the Trustee is not bound by your instruction. The Trustee will use your nomination, along with other current and relevant information available (such as your latest Will), to guide its decision on paying your benefit.
- **Option 3 – Reversionary beneficiary nomination**
  (only available at Income Account activation)
  A reversionary beneficiary is an eligible dependant who will continue to receive payments from your HESTA for Mercy Income Stream if you die.

Who can you nominate?

Legally, on your death the Trustee can only pay your super (including any insurance benefits) to one or more of your dependants or your legal personal representative.

Your legal personal representative is the executor of your Will or the administrator of your estate.

For super purposes your dependants are:

- Your spouse (including de facto)
- Children of any age
- Any person financially dependent on you at the time of your death, or
- Any person who is in an interdependency relationship with you at the time of your death.

An interdependency relationship is defined as:

- *a close personal relationship between two people who live together, where one or each provides the other with financial support, and one or each provides the other with domestic support and personal care, or*
- *a close personal relationship that does not satisfy the other criteria because one or both people suffer from a physical, intellectual or psychiatric disability.*

Can I direct my super to go to non-dependants, friends or charities?

Yes – but not directly. Your super can only be paid directly to either your dependants and or your legal personal representative. If you want your super to go to non-dependants on your death you should provide instructions for it to be paid to your legal personal representative so that it is then paid in accordance with your Will (where you can provide instructions on how your estate is dealt with – including distribution to non-dependants, friends or charities).

TIP: Don't have or want to nominate individuals as dependants on your beneficiary nomination? If instead, you want any death benefits dealt with in the same manner as your estate, simply nominate your "Legal personal representative" to receive 100% of your benefit.

Making a nomination

Option 1 – Binding nomination

You can make, update or cancel your binding beneficiary nomination by completing the attached *Beneficiary nomination* form. Under a valid binding nomination, the Trustee is bound to pay any death benefit entitlement in the way you have requested. This means it's important to take care in completing your nomination to ensure it is valid and accurately reflects your wishes.

contact us

1300 368 891 | **Email form to information@hestaformercy.com.au or mail to: PO Box 8334, Woolloongabba QLD 4102**

Important

For your binding nomination to be valid certain conditions must be met. These are:

- The form must identify your beneficiaries by full name, including their relationship to you (such as, legal personal representative or dependant), and state the portion of your benefit that each is to receive
- Your binding nomination is received by HESTA for Mercy prior to your death
- The beneficiaries nominated must be dependants or your legal personal representative
- The *Beneficiary nomination* form must be signed and dated on the same date by you and two witnesses over the age of 18 who are not beneficiaries
- Any changes or corrections will need to be initialled by yourself and the two witnesses, and
- Your binding nomination will only be valid for three years. We will write to you prior to the expiry of any binding nomination requesting any revised instructions.

If any of your nominated beneficiaries are no longer valid (as a result of death, legal divorce, etc.), your nomination will become invalid. Because the Trustee is bound to follow the instructions provided on a valid binding nomination, it's important that you keep it current especially as relationships change. If you don't have a valid binding nomination at the time of your death, the Trustee will use its discretion to determine how your benefit should be paid.

Option 2 – Non-binding nomination

You can advise us of your (non-binding) preferred beneficiaries at any time. When you first join HESTA for Mercy, you can do this by completing the attached *Beneficiary nomination* form. You can also make a nomination at any time by logging in to your account via Member Online at **hestaformercy.com.au.**

Remember, with a non-binding nomination the Trustee is not bound by your instruction. The Trustee will use this nomination, along with other current and relevant information available (such as your latest Will) to guide its decision in the event of your death. When making your nomination you should also remember that legally the Trustee can only pay your death benefit to one or more of your dependants or your legal personal representative.

What you should know

- If you do not make a nomination the Trustee will, at its absolute discretion, pay your benefit upon your death to one or more of your dependants and/or your legal personal representative according to super law.
- Your dependants have the right to complain to the Australian Financial Complaints Authority (AFCA) about the Trustee's decision. AFCA will review the decision and all supporting documentation and may be able to change the decision in some circumstances.
- If your binding nomination is valid, the Trustee must follow it, even if your circumstances have changed. For example, if you nominate your husband or wife and you later separate but have not yet obtained a divorce, your nomination remains valid and binds the Trustee unless you vary or cancel it, or it expires.

Reversionary Beneficiary option – Income Accounts only

Members who open a HESTA for Mercy Income Account can also nominate a Reversionary Beneficiary which allows for your income benefit to continue to be paid to your dependant after you die. You can only nominate a Reversionary Beneficiary when you activate a HESTA for Mercy Income Account and can't change or cancel it without closing your Income Account and activating a new one.

Further restrictions apply to the Reversionary Beneficiary option. The income benefit can only be paid to your dependant and, where the dependant is your child, any income is only payable in limited cases and for limited periods.

An income benefit can be paid where the Reversionary Beneficiary is one of:

- Your spouse (including de facto)
- Any person financially dependent on you at the time of your death
- Any person who is in an interdependency relationship with you at the time of your death, or
- Your child that:
  - is under 18 years of age
  - is over 18 years of age but less than 25 and financially dependent on you, or
  - has a disability that meets the definition in subsection 8(1) of the *Disability Services Act 1986*.

If a person does not meet the definition of an eligible Reversionary Beneficiary, then any reversionary benefit can only be paid as a lump sum to your dependants and/or your legal personal representative.

You can activate an account using the *Income Account activation* form within the Income Account Guide. Remember, once you have nominated a Reversionary Beneficiary, you can't change or cancel your beneficiary without closing

contact us

1300 368 891 | **Email form to information@hestaformercy.com.au or mail to: PO Box 8334, Woolloongabba QLD 4102**

Beneficiary nomination

HESTA
for mercy super

COMPLETE SHADED SECTIONS

Please complete in **BLOCK LETTERS** using a **BLACK** or **BLUE** pen and ensure it is signed and dated. You can also make or update your non-binding beneficiary nomination quickly and easily using Member Online at **hestaformercy.com.au**

IMPORTANT: Complete ALL details. This is needed to validate your identity and get in touch if we have any questions.

1. Your personal details

Member Number

Your name (First name and surname)

Date of birth

DD / MM / YYYY

Mobile or daytime telephone

Address

Suburb

State

Postcode

Email

2. Nomination type/instructions

- [ ] Binding nomination – **complete sections 3, 4 and 5 (witness declaration)**
- [ ] Non-binding nomination - **complete sections 3 and 4**
- [ ] Cancel existing binding or non-binding nomination with no new nomination – **complete section 4**

Who can you nominate as a beneficiary?

By law your super (including any insurance benefits) can only be left to one or more of your dependants and/or your legal personal representative.

Dependants include:

- **Spouse:** Married, de-facto and same sex
- **Financial dependants:** Anyone who is wholly or partially financially dependent on you
- **Children of any age:** Biological, step, adopted, ex-nuptial or your spouse's children
- **Interdependency relationships:** Someone you live with in a close personal relationship where personal care, financial or domestic support is provided. Other circumstances apply.

Legal personal representative:
Include your super with your estate to be distributed in accordance with your Will.

Can I direct my super to non-dependants, friends or charities?

Yes – but not directly. Your super can only be paid directly to either your dependants and or your legal personal representative. If you want your super to go to non-dependants on your death you should provide instructions for it to be paid to your legal personal representative so that it is then paid in accordance with your Will (where you can provide instructions on how your estate is dealt with – including distribution to non-dependants, friends or charities).

Please continue over page

3. Nominate your beneficiaries

IMPORTANT: This nomination will replace any existing Binding or Non-binding nomination you may have. If you are making a Binding nomination, **section 5** (witness declaration) must be completed.

YOUR DEPENDANTS

Name of beneficiary (first name and surname)	Date of birth	Relationship (tick one)	% of Benefit
BENEFICIARY ONE	/ /	Spouse Child Financial dependant Interdependency relationship	%
BENEFICIARY TWO	/ /	Spouse Child Financial dependant Interdependency relationship	%
BENEFICIARY THREE	/ /	Spouse Child Financial dependant Interdependency relationship	%
BENEFICIARY FOUR	/ /	Spouse Child Financial dependant Interdependency relationship	%

AND/OR YOUR LEGAL PERSONAL REPRESENTATIVE

X I would like to nominate my legal personal representative %

To nominate more beneficiaries please attach a separate form with their details. If you are making a Binding nomination, this form must also be signed and dated by you and your witnesses on the same date as this form.

Total must add up to **100 %**

4. Your declaration

By signing this form I declare that to the best of my knowledge the information I have provided is true and correct. I also acknowledge:

- I have had the opportunity to read and understand important information about making a beneficiary nomination.
- If Section 3. Nominate your beneficiaries is blank or has been struck through I am canceling all existing nominations with no new nominations.
- This nomination will be applied to all my HESTA for Mercy accounts with the exception of any Income Account where a reversionary beneficiary has been nominated.
- My nomination can be changed or amended at any time.

Your Signature

Date DD / MM / YYYY

If I have made a **BINDING NOMINATION**:

- This nomination expires three years from the date it is signed.
- If this nomination is not valid at the date of my death, the Trustee must pay my benefit to one or more of my dependants or legal personal representative in the proportions it determines in accordance with the Trust Deed governing HESTA available at **hestaformercy.com.au/disclosures** or by calling 1300 368 891.

5. Witness declaration for Binding Nominations

IMPORTANT: Witnesses must sign the form (and initial any corrections/changes) on the same day as the member for this nomination to become a **BINDING NOMINATION**

I declare that:

- I am over 18 years of age
- I am not a beneficiary nominated on this form, and
- The form was signed and dated by the HESTA for Mercy member in my presence.

Witness 1 (Please print your full name)	Witness 1 Signature	Date DD / MM / YYYY
Witness 2 (Please print your full name)	Witness 2 Signature	Date DD / MM / YYYY

Return your completed form

Scan and email all requirements to **information@hestaformercy.com.au**
or mail it to HESTA for Mercy, PO Box 8334, Woolloongabba QLD 4102
or drop it off in person to Potter Building, Ground Floor, Mater South Brisbane campus

contact us

1300 368 891 | **Email form to information@hestaformercy.com.au or mail to: PO Box 8334, Woolloongabba QLD 4102**

BENEF092023

Australian Government
Australian Taxation Office

ato.gov.au

Tax file number declaration

This declaration is NOT an application for a tax file number.

- Use a black or blue pen and print clearly in BLOCK LETTERS.
- Print **X** in the appropriate boxes.
- Read all the instructions including the privacy statement before you complete this declaration.

Section A: To be completed by the PAYEE

1 What is your tax file number (TFN)?

For more information, see question 1 on page 2 of the instructions.

OR I have made a separate application/enquiry to the ATO for a new or existing TFN.

OR I am claiming an exemption because I am under 18 years of age and do not earn enough to pay tax.

OR I am claiming an exemption because I am in receipt of a pension, benefit or allowance.

2 What is your name? Title: Mr Mrs Miss Ms

Surname or family name

First given name

Other given names

3 What is your home address in Australia?

Suburb/town/locality

State/territory Postcode

4 If you have changed your name since you last dealt with the ATO, provide your previous family name.

5 What is your primary e-mail address?

6 What is your date of birth? Day Month Year

7 On what basis are you paid? (select only one)

Full-time employment | Part-time employment | Labour hire | Superannuation or annuity income stream | Casual employment

8 Are you: (select only one)

An Australian resident for tax purposes | A foreign resident for tax purposes | **OR** | A working holiday maker

9 Do you want to claim the tax-free threshold from this payer?

Only claim the tax-free threshold from one payer at a time, unless your total income from all sources for the financial year will be less than the tax-free threshold.

Yes **No** Answer **no** here if you are a foreign resident or working holiday maker, except if you are a foreign resident in receipt of an Australian Government pension or allowance.

10 Do you have a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Trade Support Loan (TSL) debt?

Yes Your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment. **No**

DECLARATION by payee: *I declare that the information I have given is true and correct.*

Signature

You MUST SIGN here

Date Day Month Year

There are penalties for deliberately making a false or misleading statement.

Once section A is completed and signed, give it to your payer to complete section B.

Section B: To be completed by the PAYER (if you are not lodging online)

1 What is your Australian business number (ABN) or withholding payer number?

Branch number (if applicable)

2 If you don't have an ABN or withholding payer number, have you applied for one? **Yes** **No**

3 What is your legal name or registered business name (or your individual name if not in business)?

4 What is your business address?

Suburb/town/locality

State/territory Postcode

5 What is your primary e-mail address?

6 Who is your contact person?

Business phone number

7 If you no longer make payments to this payee, print X in this box.

DECLARATION by payer: *I declare that the information I have given is true and correct.*

Signature of payer

Date Day Month Year

There are penalties for deliberately making a false or misleading statement.

Return the completed original ATO copy to:
Australian Taxation Office
PO Box 9004
PENRITH NSW 2740

IMPORTANT
See next page for:
- **payer obligations**
- **lodging online.**

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