ORACLE

HOW SUPER WORKS

ORACLE EMPLOYEE AND RETAINED BENEFIT MEMBERS

1 SEPTEMBER 2020

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IMPORTANT **INFORMATION**

The information in this document forms part of the Product Disclosure Statement (PDS), *Your Oracle Super Guide*, dated 1 September 2020 for the Oracle Superannuation Plan's Employee and Retained Benefit members.

It should be read in conjunction with the other documents listed below, which all form part of the PDS. You should consider this information before making a decision about the product.

- ***How super works*** (this document)
- *Additional information*
- *How we invest your money*
- *Insurance in your super*

The information provided in this document is general information only and does not take into account your personal financial situation or needs. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice tailored to your personal circumstances. Information on tax and superannuation legislation is current as at 1 August 2020. The Trustee reserves the right to correct any errors or omissions.

Information contained in this document that is not materially adverse is subject to change from time to time and may be updated if it changes. Updated information can be obtained free of charge by contacting the Plan Administrator on **1800 127 953** or from the Plan's website at **https://super.towerswatson.com/super/oracle**.

Contacting the Plan

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Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Oracle Superannuation Plan (ABN 17 608 890 083).

YOUR CONTRIBUTION **CHOICES**

There are a number of types of super contributions you can make to the Plan. These contributions to your super account can come from a number of sources.

Company contributions

While you are employed by Oracle, the Company will make contributions to super on your behalf according to the Superannuation Guarantee (SG) requirements. Oracle contributes 9.5% of your base salary. Oracle will also contribute 9.5% of eligible incentives, bonuses, commissions and other earnings where this is required by the SG. These contributions are paid into your Employer Account.

In addition, Oracle meets the cost of the Plan's administration fees and the cost of standard insurance cover for eligible employee members. Some fees do apply. This Plan does not accept any contributions from any other employer.

Personal contributions

If you are an Oracle employee, you can contribute to the Plan to help build your super investment, but it is not compulsory. You can make one-off contributions or make regular deductions from your salary. These deductions can be made from either:

- Your before-tax salary (via salary sacrifice), known as "concessional contributions"; or
- Your after-tax salary, known as "non-concessional contributions".

Any personal contributions will be paid into your Member Account.

If you are a Retained Benefit member, you can only contribute to the Plan within 30 days of leaving Oracle and you cannot make salary sacrifice contributions to the Plan once you leave Oracle. The amount and type of your personal contributions will have tax implications for you.

How to claim a tax deduction for personal contributions

You may be able to claim a tax deduction for after-tax contributions you make to the Plan. To do so, you must give the Trustee a *Notice of intent to claim or vary a deduction for personal super contributions* form, which must generally reach the Trustee by 15 July after the end of the financial year in which you intend to claim the deduction. A copy of the form is on the Plan's website.

For details about the tax treatment of concessional and non-concessional contributions, refer to the *How super is taxed* section in the *Additional information* factsheet, which is available from **https://super.towerswatson.com/super/oracle**. You should speak to a licensed financial adviser to help decide what's best for you.

How to make or change your personal contributions

You can make or change your personal contributions at any time. To do so, download the *Super Options form* from the Plan's website at **https://super.towerswatson.com/super/oracle** and return it to Human Resources. You can also change your contributions on the **"Member Centre"** page of the Plan's website.

If you are making a one-off contribution, please send a cheque made out to "Oracle Superannuation Plan" to the Plan Administrator with your name and member number (see the front cover for contact details).

Caps on the amount you can contribute

There are caps or limits on the amount you can contribute to super each year at concessional tax rates. See the *How super is taxed* section in the *Additional information* factsheet for the current caps.

Concessional contributions include those made to your super by Oracle, including before-tax (salary sacrifice) contributions, any contributions for which you claim a tax deduction and amounts Oracle pays to cover your share of the cost of running the Plan and the cost of your standard insurance cover (if eligible).

Non-concessional contributions include after-tax contributions and certain contributions from non-salary sources, including some overseas transfers, any contributions your spouse makes for you and excess concessional contributions not withdrawn from super.

Work test if you are over age 67

If you are over age 67 there is usually a work test applied before you are able to make personal contributions to super. You need to be gainfully employed at least 40 hours in any period of 30 consecutive days in the financial year to which the contribution relates.

You may be able to make voluntary contributions to your super during the financial year following the year in which you ceased to meet the work test. This is provided your total superannuation balance is less than $300,000 at the end of the financial year in which you ceased to meet the work test.

Contact the Plan Administrator for more information.

Government co-contribution scheme

If you make super contributions from your after-tax salary and earn less than $54,837 per year for the 2020/21 year, the Government will pay an extra contribution (called a 'co-contribution') of up to $0.50 for every $1.00 contribution that you make to your super fund.

The maximum co-contribution payment is currently $500 for members earning less than $39,837 per year who make contributions of $1,000 or more. The maximum co-contribution payment of $500 reduces for every dollar of a member's income above $39,837 per year and phases out completely for those with an annual income of $54,837 or more.

The Australian Taxation Office (ATO) automatically determines your eligibility for the co-contribution after the end of each financial year. If you are eligible, the ATO makes the relevant co-contribution payment to the Plan on your behalf. Note that you cannot receive the co-contribution for contributions for which you claim a tax deduction.

Low income superannuation tax offset

This scheme will refund the 15% contributions tax paid on SG contributions for members earning less than $37,000 p.a. up to a maximum of $500 a year. If you qualify, refunds will be paid by the ATO to the Plan.

Rolling over your previous super into the Plan

You can consolidate your super from previous funds into the Plan. To transfer super into the Plan, follow the instructions on the *Rollover form*, which is available from the Plan Administrator or on the website at **https://super.towerswatson.com/super/oracle.**

You will need to complete a separate form for each amount you roll into the Plan.

These rollovers will be held in your Rollover Account and will earn investment returns (which can be either positive or negative) in the same way as your other super accounts.

You should be aware of any important benefits that you may lose, like insurance, if you roll over your super from your previous fund.

Spouse contributions

The Plan also allows Oracle employees to make superannuation contributions for your spouse into a Spouse Account in the Plan. Your spouse also has the option to take out death-only insurance cover. Opening a Spouse Account can be an easy and convenient way to help you and your spouse save for retirement.

For further details about Spouse membership, refer to the PDS for Spouse members, *Your Oracle Super Guide for Spouse members*, available from **https://super.towerswatson.com/super/oracle**.

Spouse contributions can only be accepted if both you and your spouse have provided the Plan with your Tax File Numbers.

Retained Benefit members cannot open a Spouse Account in the Plan. If you previously opened a Spouse Account when you were an Oracle employee, you can only continue to make spouse contributions to the account for 30 days after leaving Oracle.

Any spouse contributions you make from your after-tax salary will count towards your spouse's non-concessional contributions cap, rather than your own. Refer to the *How super is taxed* section in the *Additional information* factsheet for more information.

If your spouse wishes to open an account in the Plan, they should complete a *My Spouse form* available from the website at **https://super.towerswatson.com/super/oracle** or by calling the Plan Administrator on **1800 127 953**.

'Spouse'

Under current tax rules, a spouse is generally:

- A person of either sex, with whom you live on a genuine domestic basis in a relationship as a couple; and
- Under age 67 years (or age 67 to 74 and meets the work test).

You and your spouse must both be Australian residents for tax purposes.

Contribution splitting

As an Oracle employee, you can transfer some of your super contributions to an account for your spouse in the Plan or to an external fund once each financial year.

After 1 July each year, you can apply to the Trustee to split some super contributions made during the previous financial year. You may also apply to split your current-year contributions if you are leaving the Plan. You will need to complete a *Contribution Splitting form* available from the website at **https://super.towerswatson.com/super/oracle**.

If the Trustee approves your application, the split will occur within 90 days. Your split contributions will be transferred to your spouse's account in the Plan (you and your spouse must have already opened a Spouse Account by you making a contribution for your spouse) or another eligible super fund. Any contributions received after 30 June each year cannot be split until the following financial year, or earlier if you leave the Plan. A contribution splitting fee applies for each split made. See the *Fees and other costs* section in the *Additional information* factsheet for more information.

Contribution splitting limits

You can only split up to 85% of concessional contributions with your spouse (or up to the "concessional contributions cap", if lower). "Concessional" contributions include before-tax contributions (i.e. Oracle's contributions and your salary sacrifice contributions).

You cannot split non-concessional (or after-tax) contributions or rollovers or transfers (e.g. from overseas funds) you have made into the Plan.

Special rules – Super and housing

First Home Super Saver Scheme

This scheme allows first home buyers to make voluntary concessional or non-concessional contributions to superannuation and later access some of the funds towards the purchase of their first home. Voluntary contributions made after 1 July 2017 qualify and withdrawals can be made from 1 July 2018.

There are a number of eligibility and other conditions that apply to this scheme. For more information, please refer to the ATO's website or contact the Plan Administrator.

Contributing money from home sale to super

Homeowners aged 65 and over are allowed to contribute some of the proceeds of the sale of their principal home into super. This is designed to encourage older people to downsize their homes. If you have lived in the home for at least 10 years you can make a "downsizer" contribution of up to $300,000 into your superannuation fund. Couples are able to transfer up to $600,000 into super.

The contract of sale must have been exchanged on or after 1 July 2018. Eligible downsizer contributions will not count towards your annual non-concessional contribution cap and can be made even if you do not meet the work test (see page 1 for more details).

However, they will count towards the $1.6 million cap on the amount that can be held in pensions where earnings are exempt from tax.

If the ATO determines that you were ineligible to make downsizer contributions or you exceed the $300,000 cap, your contributions will count as personal contributions, which may result in you exceeding your non-concessional contribution cap. The contributions also count towards your total superannuation balance, which may affect whether you can make non-concessional contributions in future years. Other conditions also apply.

The Plan will accept downsizer contributions from Oracle employees (and from Retained Benefit members if made within 30 days of leaving Oracle) but cannot accept downsizer contributions from Spouse members. To make downsizer contributions you need to complete a *Downsizer contribution into superannuation form* available on the Plan's website.

For more information on the Super housing measures, refer to **www.ato.gov.au/super**.

CHOICE OF FUND AND **PORTABILITY**

Legislation allows most working Australians to choose which superannuation fund they belong to. When you join Oracle you must choose a superannuation fund. As an employee of Oracle, you can choose to join the Oracle Superannuation Plan. However, you can also transfer your existing benefits and/or have your future contributions paid to another complying super fund if you wish. Retained Benefit members cannot choose this Plan for their employer's contributions.

Choice of Fund means that you have the opportunity to select a complying super fund of your choice for Oracle's SG contributions and your additional super contributions. To choose a fund, you need to complete a *Superannuation (super) standard choice form* available from Human Resources or on the website at **https://super.towerswatson.com/super/oracle**.

Oracle will then make SG contributions on your behalf to your chosen fund. All contributions to the Oracle Superannuation Plan will cease, including all personal contributions and any spouse contributions you may choose to make.

You will have to arrange and pay for your own insurance cover for death and disablement, and pay any fees charged by your chosen fund. Currently, Oracle pays the administration fees of the Oracle Plan and the standard insurance fees on behalf of eligible Oracle employees who are Oracle Plan members. See the *Fees and other costs* section in the *Additional information* factsheet for the fees that apply to Plan members.

It is, therefore, important that you obtain financial advice before deciding to choose another fund for your contributions.

Portability means you may transfer all or part of your existing superannuation accounts in the Plan to another fund while continuing to have Oracle make SG contributions to the Oracle Superannuation Plan.

For further information or to make a transfer, contact the Plan Administrator or Human Resources (see the front cover for contact details).

Please keep in mind that if you are an Oracle employee and choose another fund for Oracle's SG contributions, you will not be eligible for the insurance cover provided through the Plan. Your death and total and permanent disablement insurance cover will cease.

Unpaid leave

While you are on unpaid leave (including parental leave), Oracle's SG contributions to your super will cease. If you have chosen to make regular contributions of your own, they will also stop for this period and insurance cover under the Plan may cease (see the *Insurance in your super* factsheet which is available from **https://super.towerswatson.com/super/oracle**). You should contact the Plan Administrator well before you go on leave for confirmation of whether your insurance cover will cease.

Transfer of low balance inactive accounts to the ATO

The Government requires that inactive accounts that are less than $6,000 must be paid to the ATO. The ATO will consolidate the account with your active super account. You will be considered inactive if, in the last 16 months, you have not:

- received a contribution or rollover,
- changed your investment choice,
- changed your insurance,
- made or changed a binding nomination of beneficiary, or
- notified the Plan you do not wish to be treated as a low balance inactive account.

PRESERVATION **RULES**

According to the Government's preservation laws, you cannot generally take your super benefit as cash until you have "retired" after reaching your preservation age. Your preservation age depends on when you were born.

Preservation age

Date of birth	Preservation age
Before 1/7/1960	55
1/7/1960 to 30/6/1961	56
1/7/1961 to 30/6/1962	57
1/7/1962 to 30/6/1963	58
1/7/1963 to 30/6/1964	59
1/7/1964 or later	60

For the purposes of the preservation laws "retired" means that you must have ceased gainful employment and one of the following must apply to you:

- If you have reached your preservation age but are less than age 60, the Trustee must be satisfied that you intend never again to be gainfully employed for more than 10 hours per week.
- If you are over age 60, either:
  - You must have ceased gainful employment after reaching age 60; or
  - The Trustee must be satisfied that you intend never again to be gainfully employed for more than 10 hours per week.

You can receive your benefit in cash after you have reached age 65 regardless of whether you are working or have ever worked.

You may be able to take part of your super in cash before your preservation age; for example, if it relates to employment before 1 July 1999. This is known as a "non-preserved" benefit and your *Annual Benefit Statement* will show you if this applies to you. You may also be able to take part of your benefit in cash in other limited circumstances. This includes permanent incapacity, if you suffer from a terminal medical condition or you meet the conditions in the law to receive your benefit on compassionate or financial hardship grounds.

You may also access your super on reaching your preservation age but before being "retired" by rolling over part or all of your benefit into a "transition to retirement" pension.

The Oracle Superannuation Plan does not offer a transition to retirement pension, however you may roll over your benefit to another fund that offers this facility.

Temporary residents

If you are not an Australian or New Zealand citizen or resident and you accrued super while in Australia on a temporary resident visa, you may be able to claim your super when you return home. Applicable taxes will be deducted (these may be different to the taxes paid by other Plan members on their super). If you do not claim your super within six months of permanently departing Australia, the Trustee may be required to pay your super to the ATO without your consent. You may then claim your super from the ATO, but it may not earn any interest while with the ATO.