



## Earning Rate Policy

### Background

This Earnings Rate Policy applies to member accounts and replaces the previous methodology for applying interest with effect from the start of business on 28 June 2007.

### Earnings Rates

ARIA determines, for each business day, an 'Earnings Rate' for the Cash Investment Option and for the Default Fund offered by the PSS.

Each Earnings Rate is expressed as a percentage and represents the earnings for the Cash Investment Option or Default Fund from the beginning of the calendar month to which the Earnings Rate relates.

### Allocation of Earnings Rates

- **Allocation of Earnings Rates during membership**

The Earnings Rate applicable for the last business day of a calendar month will be used to calculate earnings to be allocated to member account balances for that month

- **Allocation of Earnings Rates for transactions to member accounts**

For transactions that have been processed to a member's account, such as payment of member contributions, productivity contributions, transfer amounts, co-contributions, etc, the Earnings Rate for the business day before the date of the transaction and the Earnings Rate for the last business day of that month are used to calculate the growth factor applicable to the transaction amount for the period the amount was in the fund.

- **Allocation of Earnings Rates when a benefit is paid**

The Earnings Rate declared immediately prior to the date of processing of a benefit is used to calculate a benefit where this rate is declared for the period ending on or after the date of claim or exit.

If the benefit remains preserved the applicable Earnings Rate for the option selected by the member will be applied up to the date of claim.

- **For member exit benefit payments**

For transactions that have been processed from a member's account at the date of exit, such as the payment of a benefit, the greater of the applicable Earnings Rates prior to the date of processing or zero percent will be used for the period commencing on the day after the date of exit and ending on the date of processing. The total benefit paid cannot be less than the benefit amount calculated at the date of exit.

- **For preserved member benefit payments**

When a preserved benefit is paid the applicable Earnings Rate prior to the date of processing will be used for all relevant funded amounts for the period commencing on the date of claim and ending on the date of processing.

### **Allocation of Earnings Rates when a pension benefit is payable**

When a pension benefit is paid on cessation of a membership, the pension will be calculated at the date of exit and, therefore, the applicable Earnings Rate prior to the date of exit will be used.

When a pension benefit is paid to a preserved benefit member, the pension will be calculated at the date of claim and, therefore, the applicable Earnings Rate prior to the date of claim will be used.

### **Processing Transactions to Member Accounts**

Transactions will be processed to member accounts after they have been validated by the Administrator in accordance with the Scheme Rules and the terms of the Agreement between the Administrator and ARIA.

### **Switching**

Preserved and associate members with funded account balances in the PSS greater than \$1,000 may switch the funded component of their account balance between the Default Fund and Cash Investment Option twice in any calendar year period.

The cut-off time for the submission of switch requests from members is close of business on the last Friday of the month. The date of effect of the switch for switches received by the cut-off period is the date of the following Wednesday

**NOTE:** For switches between investment options, the equity to be transferred between options is calculated using the last applicable rate prior to the date of the transfer.

## **Minimum Amount on Exit**

A Minimum Amount on Exit (MAE) record was established for each member of PSS as at 30 June 2007. The MAE represents the member's account balance at 30 June 2003 plus contributions paid up to 30 June 2007. The dollar amount of a member's MAE is reported on the member's annual statement and is also available upon request. The balance of a member's account may, at any time, fall below the MAE. However, when a member exits from the PSS, at least the total dollar amount of the member's MAE will be paid to the member. Partial withdrawals will reduce the MAE by the amount of each withdrawal.

Members who had switched to the Cash Investment Option as at 30 June 2007 will, on exit from the PSS, receive an amount which is not less than their balance in the Cash Investment Option as at 30 June 2007.