

Alcoa Superannuation Plan Defined Benefit members Part-time employees factsheet



13 11 84 australianretirementtrust.com.au

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The Alcoa Superannuation Plan is a corporate plan within Australian Retirement Trust (ART). It's important for you to understand the implications if you're a part-time employee at Alcoa. This document summarises the key implications.

What contributions do I pay?

Your existing choice for basic contributions and supplementary contributions (if any) continues when you work part-time, unless you request a change. Contributions will be paid at the same rate (generally 4.5% for basic contributions), but they'll be based on your part-time superannuation salary.

You continue to have the choice of changing your contribution type or rate, including choosing not to make contributions.

Do my additional voluntary contributions continue?

If you have a direct debit request in place for additional voluntary contributions, the amount won't change if you start working part-time.

You can make voluntary contributions while working part-time by BPAY, EFTPOS, cheque or money order.

What happens to my retirement, withdrawal and retrenchment benefits?

The main part of your defined benefit is calculated as your accrued retirement multiple *times* your final average salary, *times* by a discount factor if your benefit is paid before age 55.

Your benefits continue to be calculated using the same formula when you're working part-time, but your accrued retirement multiple increases at a slower rate.

Your accrued retirement multiple increases by the accrual rate applicable to your basic contribution rate, but while you're working part-time, the increase is in proportion to your service fraction.

Your superannuation salary used in calculating your final average salary will be the full-time equivalent of your part-time superannuation salary.

Example

You contribute at 4.5%, so your usual accrual rate is 21%. If you start working 3 days per week instead of 5 days, your service fraction will be $3 \div 5 = 60\%$.

Your accrued retirement multiple would increase by $0.21 \times 0.6 = 0.126$ each year while you work 3 days per week.

What happens to my death, total and permanent disablement (TPD) and terminal illness benefits?

Your eligibility for death, TPD and terminal illness benefits continues when you work part-time.

Your death, TPD and terminal illness benefits are calculated as your death multiple times your prospective final average salary.

Your death multiple is equal to:

Your accrued retirement multiple at your date of death or disablement

plus one-twelfth of your prospective accrual rate* for each month from your date of death or disablement to age 65 *times* your service fraction

* the prospective accrual rate is 21% if you contribute 4.5% or lower, including if you don't make contributions

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When you work part-time, the accrued retirement multiple part increases in proportion to your service fraction as shown in the “What happens to my retirement, withdrawal and retrenchment benefits?” section above.

For the prospective service component of your death multiple, your years to age 65 part is decreased in proportion to your hours worked.

Your superannuation salary used in calculating your prospective final average salary will be the full-time equivalent of your part-time superannuation salary.

Example

You're aged 50 and your current superannuation salary is \$120,000. As you have 15 years to age 65, the prospective service portion of your death multiple is $15 \times 0.21 = 3.15$. This would mean the prospective service portion of your benefit is $3.15 \times 120,000 = \$378,000$.

If you start working 3 days per week instead of 5 days, your service fraction is 60%. The prospective service portion of your death multiple would be $3.15 \times 0.6 = 1.89$, which equates to a benefit of \$226,800.

What is the impact on my supplementary DB multiple?

If you work part-time, your supplementary DB multiple is adjusted to reflect your service fraction as follows:

$$1.018519 \times \text{supplementary DB multiple at the start of the period} + \text{“rate”} \times \text{service fraction} \times 100 \times (1.018519 \wedge (\text{“days”} \div 365) - 1)$$

where:

“rate” is your rate of supplementary contributions

“days” is the number of days during the period you contributed at that rate and worked at that service fraction

We recommend you seek financial advice

If you'd like financial advice, speak to your adviser. If you don't have a personal financial adviser, Australian Retirement Trust has qualified financial advisers who can help you over the phone with advice about your Super Savings account. This service is included in your membership.¹ If the advice you need is more complex or comprehensive in nature, we may refer you to an accredited external financial adviser.² Advice of this nature may incur a fee.

We're here to help

For more information, visit art.com.au/alcoa or contact us on 13 11 84 between 8:00am and 7:30pm AEST, Monday to Friday.

¹ Employees in the Australian Retirement Trust group provide advice to members and employers as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS), that is wholly owned by the Trustee as an asset of Australian Retirement Trust. SFS is a separate legal entity responsible for the financial services it provides. Eligibility conditions apply. Refer to the Financial Services Guide at art.com.au/fsg for more information.

² The Trustee has established a panel of accredited external financial advisers who are not employees of the Australian Retirement Trust group. The Trustee is not responsible for the advice provided by these advisers and does not receive or pay any referral fees. These advisers will explain to you how their advice fees are determined.