

Alcoa Superannuation Plan

Defined Benefit members

Supplementary DB Multiple factsheet



13 11 84 | art.com.au

Last updated | July 2024

The Alcoa Superannuation Plan is a corporate plan within Australian Retirement Trust (ART). It's important for you to understand how supplementary contributions can increase your benefits. This document summarises the key information.

How can I pay supplementary contributions?

If you're making basic contributions at 4.5% (post-tax), you can choose to pay supplementary contributions from your pay. Your supplementary contribution must be at least 0.5% of your superannuation salary.

You can start or change your supplementary contributions by completing the Contribution Change Request form and sending it to Alcoa payroll.

How do my supplementary contributions increase my benefit?

When you start making supplementary contributions, you must choose between:

- Having your contributions buy an additional defined benefit multiple known as the supplementary DB multiple.
- Having your contributions allocated to your Additional Accumulation account. You can choose how these contributions are invested and your Additional Accumulation account would be subject to the investment returns applicable to your chosen investment option.

Once your choice is made, you can't choose a different option for any supplementary contributions you've already made. But you can change your choice for your future supplementary contributions.

How is the supplementary DB multiple calculated?

Your supplementary DB multiple is calculated in accordance with an actuarial formula as follows:

$$1.018519 \times \text{supplementary DB multiple at the start of the period} + \text{"rate"} \times 100 \times (1.018519^{(\text{"days"} \div 365) - 1})$$

where:

"rate" is your rate of supplementary contributions

"days" is the number of days during the period you contributed at that rate

Example

You choose to contribute supplementary contributions of 8% toward an additional multiple starting on 1 March 2024. On 1 July 2024, you increase your rate to 10%. Your supplementary DB multiple will be calculated as:

At 30 June 2024:

$$1.018519 \times 0 + .08 \times 100 \times (1.018519^{(122 \div 365) - 1}) \\ = 0 + 0.04922 = 0.04922$$

At 30 June 2025:

$$1.018519 \times 0.04922 + 0.10 \times 100 \times (1.018519^{(365/365) - 1}) \\ = 0.05013 + 0.18519 = 0.23532$$

At 30 June 2026:

$$1.018519 \times 0.23532 + 0.10 \times 100 \times (1.018519^{(365/365) - 1}) \\ = 0.23968 + 0.18519 = 0.42487$$

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If you change the rate of your supplementary contributions during the financial year, the formula is adjusted to cover each contribution rate period as follows:

$$1.018519 \times \text{supplementary DB multiple at the start of the period} + \text{"rate 1"} \times 100 \times (1.018519^{(\text{"days 1"} \div 365)} - 1) + \text{"rate 2"} \times 100 \times (1.018519^{(\text{"days 2"} \div 365)} - 1)$$

where:

"rate 1" is your initial rate of supplementary contributions

"days 1" is the number of days during the period you contributed at rate 1

"rate 2" is your new rate of supplementary contributions

"days 2" is the number of days during the period you contributed at rate 2

What is the impact on my supplementary DB multiple if I work part-time?

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

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

where:

"rate" is your rate of supplementary contributions

"service fraction" is your working hours at the date of calculation divided by the number of hours in the standard working week. For example, if you work 3 days per week instead of 5 days, your service fraction is 0.6.

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

What is the impact on my supplementary DB multiple if I take leave without pay (LWOP)?

If Alcoa approves for you to take a leave of absence without pay, you generally won't pay supplementary contributions during your period of LWOP. If you have a supplementary DB multiple when you commence your leave, this will increase at a rate of 1.8519% per annum during your LWOP.

How does the supplementary DB multiple increase my benefit?

Any benefit you receive, or your beneficiaries receive in the event of your death, will have a supplementary defined benefit amount included.

Your supplementary defined benefit is equal to:

$$\text{Your supplementary DB multiple} \times \text{your final average salary} \times 61\%$$

Example

For the supplementary DB multiple example above, suppose your final average salary at 30 June 2024 is \$90,000, at 30 June 2025 is \$95,000 and 30 June 2026 is \$100,000. Your supplementary defined benefit will be calculated as:

$$\text{At 30 June 2024: } 0.04922 \times 90,000 \times 61\% = \$2,702.18$$

$$\text{At 30 June 2025: } 0.23532 \times 95,000 \times 61\% = \$13,636.79$$

$$\text{At 30 June 2026: } 0.42487 \times 100,000 \times 61\% = \$25,917.07$$

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Can I make a one-off contribution to buy a supplementary DB multiple?

You can make voluntary after-tax contributions to your super as a one-off amount by BPAY, EFTPOS, cheque or money order, or setup regular transfers by direct debit.

These contributions are paid into your Additional Accumulation account, they can't be used to increase your supplementary DB multiple.

Can I claim a tax deduction for my supplementary contributions?

You can't claim a tax deduction for after-tax supplementary contributions which have bought a supplementary DB multiple.

If you've made after-tax supplementary contributions to your Additional Accumulation account, you can claim a tax deduction for these contributions. Once we process your request, the amount you claim will be classified as before-tax contributions and count toward your concessional contributions cap.

When will my supplementary contributions stop?

Unless you request to stop paying supplementary contributions, your contributions will stop at the earliest of your 75th birthday, or the date you leave employment with Alcoa or elect to close your Defined Benefit account.

If you remain employed with Alcoa after age 75 and you're still a member of the Plan, we can't accept any further after-tax or salary sacrifice contributions from you. If you've made contributions toward your supplementary DB multiple, this will continue to accrue after age 75 even though your contributions have stopped.

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.