



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 CSS.

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 for member account balances for that month, up to the member's date of exit. If the benefit remains preserved in the fund, the Earnings Rate of the fund will be applied up to the date of claim.

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

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

For transactions that have been processed to a member's account, such as payment of 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 CSS. For CSS transfer values the Earnings Rate applicable on the first payday after the date of the transaction is used.

- Allocation of Earnings Rates when a benefit is paid

For transactions that have been processed from a member's account, such as the payment of a benefit, the applicable Earnings Rate prior to the date of processing will be used from the date of exit to the date of payment.

When a preserved benefit is paid, the applicable Earnings Rate prior to the date of processing will be used from the date of claim to the date of payment.

Allocation of Earnings Rates when a pension benefit is payable

When a pension benefit is paid on cessation of a membership or to a member with a preserved benefit and the pension is based on a notional accrual of basic contributions (ie deferred benefit calculations), the pension is calculated at the date of processing and, therefore, the applicable Earnings Rate prior to the date of processing 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 CSS legislation and the terms of the Agreement between the Administrator and ARIA.

Switching

Members and associate members with account balances in the CSS 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 request 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 CSS 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 CSS, 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 CSS, receive an amount which is not less than their balance in the Cash Investment Option as at 30 June 2007.