What is the Transition to Retirement Facility?

The Trustee of the Alcoa of Australia Retirement Plan has established the Transition to Retirement Facility to enable eligible Plan members to receive from the Plan a non-commutable income stream in the form of an Allocated Pension (“Transition to Retirement Pension”).

For more information on this facility and for greater detail on the fees and conditions that apply to Transition to Retirement Pensions, please refer to the Pensions Product Disclosure Statement, available on the Plan’s website at: www.alcoasuper.com.au

What is a Transition to Retirement Allocated Pension?

A Transition to Retirement Allocated Pension is a tax effective, non-commutable income stream payable to a person who is over their preservation age (see top right) who may or may not have permanently retired from the workforce. Rollover money from your existing superannuation is credited to an individual Pension Account in your name. You can select the investment option you wish to apply to your account and, under current legislation, all investment earnings on the account are taxed at 15%. Pension payments and charges are deducted from the account.

A Transition to Retirement Pension allows you to nominate the amount of income you wish to receive, rather than having a set or indexed amount for the life of the pension. This is subject to Government-imposed minimum and maximum amounts (see overleaf). Payments are made until the balance in the account runs out. It is important to understand that there is no guarantee that your pension payments will continue for any particular period, or for the rest of your life. Pension payments will cease once your pension account is exhausted.

The term “non-commutable” means that lump sum withdrawals are not permitted except in the following circumstances:

- To cash any unrestricted non-preserved component of your Pension Account;
- To pay a family law split;
- To pay a superannuation surcharge debt; or
- To pay an excess contributions tax assessment.

You can also transfer the balance of your Pension Account back into your non-pension super account in the Plan, or roll it over to another pension product that has the same restrictions on making lump sum withdrawals.

What's my preservation age?

<table>
<thead>
<tr>
<th>When you were born</th>
<th>Your preservation age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1 July 1960</td>
<td>55</td>
</tr>
<tr>
<td>1 July 1960 – 30 June 1961</td>
<td>56</td>
</tr>
<tr>
<td>1 July 1961 – 30 June 1962</td>
<td>57</td>
</tr>
<tr>
<td>1 July 1962 – 30 June 1963</td>
<td>58</td>
</tr>
<tr>
<td>1 July 1963 – 30 June 1964</td>
<td>59</td>
</tr>
<tr>
<td>After 30 June 1964</td>
<td>60</td>
</tr>
</tbody>
</table>

How do I start a Transition to Retirement Pension in the Plan?

A Transition to Retirement Pension can commence by you rolling a minimum of $25,000 into the Transition to Retirement Pension Facility. If you are an Accumulation member in the Plan, a minimum balance of $1,000 must be maintained in your existing super account to cover the cost of insurance and administration expenses. If you are a Defined Benefit member, the amount you elect to transfer to the Transition to Retirement Pension Facility will first be transferred to the Accumulation section with a corresponding reduction in your defined benefit component.

To join the Transition to Retirement Pension section of the Plan, please complete the Transition to Retirement Pension Application Form contained within the Pensions Product Disclosure Statement or by downloading the form from the Plan’s website.
How do I decide the amount of my pension payments?

Your annual pension payments must at least equal the minimum level as shown in the table below and must be no more than the maximum level set by the Government.

**Minimum pension amount**
The minimum annual pension payment you may receive must at least equal the percentage of your Pension Account balance as set out in the pension factor table below.

<table>
<thead>
<tr>
<th>Age^</th>
<th>Percentage of Pension Account Balance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65</td>
<td>4%</td>
</tr>
<tr>
<td>65 – 74</td>
<td>5%</td>
</tr>
<tr>
<td>75 – 79</td>
<td>6%</td>
</tr>
<tr>
<td>80 – 84</td>
<td>7%</td>
</tr>
<tr>
<td>85 – 89</td>
<td>9%</td>
</tr>
<tr>
<td>90 – 94</td>
<td>11%</td>
</tr>
<tr>
<td>95+</td>
<td>14%</td>
</tr>
</tbody>
</table>

^ Age is your age as at the start of the financial year, or when you start a pension in the case of the first year.

* In the year in which your pension commences, the minimum payment is based on the number of days remaining in the financial year (ie, the amount is pro-rated). No minimum payment is required if the pension commences after 31 May.

**Drawdown Relief 2008/09 and 2009/10**
The minimum income amount that must be paid from your allocated pension will be halved for 2008/09 and 2009/10.

**Maximum pension amount**
The maximum pension amount you may receive in any financial year is calculated as 10% of your Pension Account balance at the previous 1 July, or at the commencement of your pension if this is after the last 1 July.

What fees and charges will I pay?

Please refer to the Pensions Product Disclosure Statement for details on the current fees.

From which components of my benefit will my pension payments be taken?

Your pension payments must first be taken from any unrestricted non-preserved amount you transferred to your Transition to Retirement Pension Account until this amount is exhausted, then from any restricted non-preserved and finally from any preserved amount transferred.

The unrestricted non-preserved amount (if any) is the part of your super that is payable in cash at any time.

Preserved and restricted non-preserved amounts must be kept in a super fund or other approved arrangement and are only accessible when you satisfy a condition of release. See the Plan’s Pensions Product Disclosure Statement for more details.

How often are pension payments made?
Pensions are generally paid monthly on the 1st of each month by direct credit to your bank, building society or credit union account. You will need to provide all required documentation at least 10 business days prior to the first payment to allow you Pension Account to be established.

What if I want to change the amount of my pension payment?

You can change the amount of your pension payments at any time, provided the amount you specify is between the minimum and maximum amounts as required by legislation.

Can I rollover additional superannuation money into my Pension Account?

If you have superannuation in funds other than the Alcoa of Australia Retirement Plan and you wish to transfer these other super accounts to the Pension facility, it may be in your interest to first combine them in your superannuation membership in the Plan (before joining the Transition to Retirement Pension section). This is because, under the current rules, once your Pension Account is established, any additional money transferred to the Transition to Retirement Pension facility will result in a new Pension Account being established in your name, giving rise to a new and separate pension.

Can I choose how my Pension Account is invested?

Yes, you can select from the same investment options that are available in the Accumulation section of the Plan – Equity, Growth, Capital Stable or Enhanced Cash. You may invest your Pension Account across any of these options and select the option from which you wish your pension to be drawn. Your Pension Account is credited with the investment returns (either positive or negative) of your chosen option/s, and all payments and fees are deducted from your account.

The Trustee strongly recommends that you seek assistance from a professional financial adviser if you are uncertain as to the best investment strategy for your personal situation.

What tax will I pay on my pension payments?

If you are aged 60 or over then no tax is payable on your pension payments. If you are aged 55 to 59 then tax will be deducted from your pension payments, the amount of which will vary for each person depending on their personal situation. Whatever your age, there are additional tax implications if you are also receiving income from other sources, such as investment properties or shares. The Trustee recommends you seek advice on your personal financial situation from an appropriately authorised adviser, before you commence a Transition to Retirement Pension.
Can I make a lump sum withdrawal?
The Transition to Retirement Pension is non-commutable. This means you are not permitted to make any lump sum withdrawals except in the following circumstances:

- To cash any unrestricted non-preserved component of your Pension Account;
- To pay a family law split;
- To pay a superannuation surcharge debt; or
- To pay an excess contributions tax assessment.

Can I cease my pension payments and withdraw my account balance?
Until you have met a condition of release (see below), you cannot cease your pension payments and withdraw the balance in cash. If you wish to cease your pension payments, you can transfer your Pension Account back into your non-pension super account or roll it over to another complying superannuation fund.

What is a ‘condition of release’?
Preserved and restricted non-preserved superannuation amounts cannot be accessed in cash until you satisfy a condition of release, which includes:

- when you have reached your preservation age (see earlier section) and have permanently retired from the workforce;
- when you terminate employment with your current employer after age 60;
- when you reach age 65;
- if you become permanently incapacitated; or
- if you die.

If you hold or have held a temporary Australian visa and are not at the time of payment an Australian or New Zealand citizen or permanent resident these conditions of release may not apply.

If you are receiving payments from the Transition to Retirement Pension Facility and you meet a condition of release, your Transition to Retirement Pension will be converted to an Allocated Pension. You can then make lump sum withdrawals at any time (see the Allocated Pension Fact Sheet for more details). Note that with Allocated Pensions, only the minimum pension payment requirements apply, there is no maximum annual payment limit.

Your Transition to Retirement Pension will automatically be converted to an Allocated Pension at age 65, unless you provide Mercer with details earlier that you have satisfied a condition of release.

What happens if I die?
There is no insurance cover available in the Transition to Retirement Pension Facility (although you may continue to have insurance cover in your existing non-pension superannuation account in the Plan). Therefore, in the event of your death, the benefit payable will be the total amount in your Pension Account at the time of payment of the death benefit.

You have two options for choosing to whom and how you wish your death benefit to be paid:

- reversionary pension option – nominate in advance your spouse, to whom your pension payments will revert on your death, or
- lump sum option – death benefit is paid to your dependants or to your legal personal representative.

Please see the Pensions Product Disclosure Statement for more details.

Need further advice?
If you would like further information regarding the Plan’s Transition to Retirement Pension Facility you can:

- read the Plan’s Pensions Product Disclosure Statement which is available on the Plan’s website at www.alcoasuper.com.au; or
- phone the Helpline on 1800 355 028.

If you would like advice that takes into account your specific financial situation, needs and objectives, you should contact a person or organisation that is licensed to provide personal advice, such as a licensed financial adviser.