

Macquarie Lifetime Income Guarantee Policy

Policy Document

PURPOSE

This Policy Document sets out the terms and conditions of the Macquarie Lifetime Income Guarantee Policy (**Policy**).

This contract of insurance with Macquarie Life Limited ABN 56 003 963 773 (**Macquarie Life**) comprises:

- the terms and conditions contained in this Policy Document;
- the Cover Confirmation Statement(s) issued under this Policy, which will name the Members and/or Spouses covered by the Policy and the Guarantee applied in respect of each Member and/or Spouse; and
- any other notices or statements issued in accordance with the terms of the Policy which vary its terms.

INTRODUCTION

- (1) The terms of the Policy begin on the Commencement Date of cover to the first Member of the Superannuation Fund and continue until the Policy is cancelled under this Policy Document.
- (2) Definitions used in this Policy Document are listed in Part D. However for ease of reference, the parties to this Policy are:

Macquarie Life	Macquarie Life Limited ABN 56 003 963 773, the issuer of this master life insurance policy.
Trustee	The trustee of the Superannuation Fund named as the policyholder in the Cover Confirmation Statement.
- (3) In issuing cover under this Policy, Macquarie Life relies on the accuracy of information given to it, and statements made with respect to the Trustee and with respect to any Member or Spouse covered under the Policy.
- (4) All headings in this Policy Document are for ease of reference only.
- (5) This Policy is to be interpreted in accordance with the laws applying in the State of New South Wales.

IMPORTANT NOTICE ON WITHDRAWALS AND POLICY CANCELLATION

This Policy is a long-term pension product that provides important long-term income guarantees and other protection benefits as set out in Part C. Making Excess Withdrawals from the Investment Account reduces the level of guarantees and protections provided and fully withdrawing the Investment Account balance as an Excess Withdrawal will result in the full forfeiture of the guarantees and protections provided under the Policy (except to the extent clause C12 may apply).

Macquarie Life strongly recommends that prior to making any Excess Withdrawal from the Investment Account held in respect of a Member, that the Trustee and Member discuss the potential impact of that withdrawal with their financial advisor.

No surrender value is payable in respect of the cancellation of any of the Guarantee benefits, including the Estate Protection Option benefits, the Spouse Option benefit and the proportion of the Final Entitlement benefit funded by Macquarie Life under clause C2.4 under this Policy, irrespective of the cause of the cancellation.

PART A - OPERATION OF THE POLICY

A1 MACQUARIE LIFETIME INCOME GUARANTEE POLICY

- A1.1 The Policy is a master life insurance policy issued by Macquarie Life to the Trustee and provides Macquarie Lifetime Income Guarantee benefits for Members.
- A1.2 The principal object of the Policy is to provide for each Member an Investment Account benefit with value related to the market value of underlying Investment Funds. The Policy also provides for each Member (and where relevant, for the Member's Spouse) the Guarantee, (except where the Guarantee has been cancelled or the Member's cover has been terminated).

A2 STATUTORY FUNDS

- A2.1 The Policy is referable to both Statutory Fund No. 1 and Statutory Fund No. 2 of Macquarie Life.

- A2.2 Liabilities associated with the Investment Account benefits, being the withdrawals from a Member's Investment Account, the Death Benefit and the proportion of the Final Entitlement benefit funded from a Member's Investment Account under clause B6.2, will be liabilities of Macquarie Life's Statutory Fund No. 1. The premium relating to these benefits is the Application Amount less any Establishment Fee and less any Upfront Fees and will be credited to Statutory Fund No. 1.
- A2.3 The Guarantee benefits, including the Estate Protection Option benefits, the Spouse Option benefit and the proportion of the Final Entitlement benefit funded by Macquarie Life under clause C2.4, will be liabilities of Macquarie Life's Statutory Fund No. 2. The premiums relating to these benefits are described in clause C6 and will be credited to Statutory Fund No. 2.
- A2.4 The Trustee, each Member and each Spouse have no right or interest in or to any assets held within any Statutory Fund or any Investment Fund.
- A2.5 Macquarie Life reserves the right to transfer some or all of its liabilities under this Policy from one Statutory Fund to another (whether new or existing) or one sub-category of a Statutory Fund to another sub-category (whether new or existing), subject to any approval from the Australian Prudential Regulation Authority if required, being obtained.
- A2.6 Benefits under this Policy are non-participating benefits and the Trustee, each Member and each Spouse are not entitled to share in any surplus or profit arising in any Statutory Fund.
- A3 INVESTMENT ACCOUNT AND INVESTMENT FUNDS**
- A3.1 Macquarie Life will maintain an Investment Account for each Member. The Investment Account will track the units referable to the Member in each of the available Investment Funds. Macquarie Life may set rules in relation to the allocation of an Investment Account across the Investment Funds.
- A3.2 Subject to clause A3.3, each Investment Fund will consist of a separate portfolio of assets which Macquarie Life will sell, transfer, change, add to, deal with or manage as Macquarie Life may at its discretion determine.
- A3.3 Where Macquarie Life implements a change to any Investment Fund including any changes to any rules set in relation to the allocation of an Investment Account across the Investment Funds, Macquarie Life shall, where practicable, give the Trustee notice of such a change before the change is implemented. Where it is not practicable to inform the Trustee of such a change before it is implemented, Macquarie Life will give notice of the change as soon as practicable after it is implemented.
- A3.4 Macquarie Life can implement new rules or change any rules it sets in relation to the allocation of an Investment Account across the Investment Funds, open new Investment Funds, close Investment Funds to new business, and terminate Investment Funds. Macquarie Life will advise the Trustee of the Investment Funds available from time to time. If an Investment Fund is terminated, Macquarie Life will transfer assets from the terminated Investment Fund to an Investment Fund which has been nominated by the Trustee, or otherwise to the Investment Fund which is most closely proximate to the terminated Investment Fund, and in the latter case will advise the Trustee accordingly.
- A4 APPLICATION AND APPLICATION AMOUNT**
- A4.1 Where the Trustee wishes to purchase the Policy, it must apply to Macquarie Life in accordance with the application procedures specified in this Policy or otherwise specified by Macquarie Life from time to time (**Policy Application**).
- A4.2 The Trustee may apply for cover with respect to an Eligible Member under the Policy in accordance with the application procedures specified in this Policy or otherwise specified by Macquarie Life from time to time (**Cover Application**).
- A4.3 A Policy Application must be accompanied by a Cover Application for at least one Eligible Member who is an Eligible Person at the time of the Policy Application.
- A4.4 In making a Policy Application or a Cover Application, the Trustee will complete a form approved by Macquarie Life for this purpose (**Application Form**) and give this form to Macquarie Life. The Application Form may be given electronically if approved by Macquarie Life. The Application Form may contain separate sections applicable to one or both of the Policy Application and the Cover Application.
- A4.5 Macquarie Life may reject a Policy Application or a Cover Application as contained in the Application Form in whole or in part without giving any reason for the rejection or impose additional terms with respect to the Policy (in relation to a Policy Application) or with respect to cover under the Policy (in relation to a Cover Application).
- A4.6 If Macquarie Life rejects the Policy Application or a Cover Application in part and/or wishes to impose additional terms with respect to the Policy generally or in respect of a particular Cover Application, it

- will notify the Trustee of this and the Trustee will have the option of accepting a Policy or variation of cover under the Policy as offered by Macquarie Life.
- A4.7 If Macquarie Life receives and accepts a Policy Application and its accompanying Cover Application in full or the Trustee accepts the offer of a Policy made by Macquarie Life in accordance with clause A4.6, Macquarie Life will, subject to clause A5, issue the Policy on the terms agreed between Macquarie Life and the Trustee. Macquarie Life will give a Cover Confirmation Statement or Statements to the Trustee which will be the Trustee's record of insurance under the Policy. A Cover Confirmation Statement will contain, among other things, details of the Eligible Member who has been accepted for cover under this Policy (and has therefore become a Member for the purposes of this Policy), details of the Spouse covered under the Policy, the Application Amount, applicable Taxes, the Commencement Date.
- A4.8 If Macquarie Life receives and accepts a Cover Application in full or the Trustee accepts an offer of cover made by Macquarie Life in accordance with clause A4.6, after the Policy has been issued, then the terms of the Policy will, subject to clause A5, be varied as agreed between Macquarie Life and the Trustee. Macquarie Life will give a Cover Confirmation Statement or Statements to the Trustee which will be the Trustee's record of the additional cover under the Policy. A Cover Confirmation Statement will contain, among other things, details of the Member and Spouse to whom cover will be extended under the Policy, the Application Amount, applicable Taxes, the Commencement Date relating to that variation of cover.
- A5 COOLING OFF RIGHT AND APPLICATION AMOUNT**
- A5.1 The Trustee must pay to Macquarie Life the Application Amount to acquire the benefits for each Member and to pay the Establishment Fee, any Upfront Fees and any applicable Taxes, subject to any limitations imposed by Macquarie Life and on the terms of the Policy. Macquarie Life will place the Application Amount in Statutory Fund No. 1.
- A5.2 The Trustee must confirm to Macquarie Life that the funds for the Application Amount paid under this clause are Eligible Assets.
- A5.3 Macquarie Life may, in its absolute discretion, accept an Application Amount from the Trustee in the form of assets in lieu of cash, in which case the assets are to be sourced from Eligible Assets and will be valued on the basis agreed between Macquarie Life and the Trustee.
- A5.4 The Trustee has the right (**Cooling Off Right**) to:
- (a) return the Policy; or
 - (b) direct Macquarie to cancel a variation to cover,
- within 14 days of the earlier of:
- (c) the date on which a Cover Confirmation Statement was given to the Trustee; or
 - (d) the end of the fifth Business Day after the day on which the Policy was issued to the Trustee or the day on which cover under the Policy was varied, as applicable (**Cooling Off Period**).
- A5.5 Before and during the Cooling Off Period, the funds in the Investment Account will be held by Macquarie Life as cash or cash-like investments. If the Trustee exercises its Cooling Off Right during the Cooling Off Period for a Member, the cover for that Member will be terminated and Macquarie Life will repay the Application Amount to the Trustee in accordance with the *Corporations Act 2001* (Cth).
- A5.6 Subject to the Cooling Off Right, provided that the Trustee has paid the Application Amount specified in the Cover Confirmation Statement to Macquarie Life in accordance with clause A5, on the Commencement Date:
- (a) the cover described in the Cover Confirmation Statement will commence;
 - (b) Macquarie Life will, after deducting Upfront Fees from the Application Amount, apply the remaining amount (**Initial Investment**) with respect to the Member described in the Cover Confirmation Statement to establish an Investment Account and set the Guarantee Base with respect to that Member; and
 - (c) Macquarie Life will apply the amounts in the Investment Account to pay any applicable Taxes and, after the Cooling Off Period has concluded, to the Investment Funds in accordance with the instructions provided by the Trustee on the Application Form, subject to clause A3.4.
- A6 ESTABLISHMENT FEE AND UPFRONT FEES**
- A6.1 Macquarie Life may deduct an establishment fee of up to 1.0% of each Initial Investment (**Establishment Fee**). If levied, the Establishment Fee will be deducted from the Investment Account and will be placed in Statutory Fund No. 2.

- A6.2 Macquarie Life reserves the right to increase the Establishment Fee rate up to a maximum of twice that specified in clause A6.1 by giving one month's prior written notice to the Trustee.
- A6.3 In the Application Form, the Trustee may instruct Macquarie Life to pay on its behalf any upfront fees to its adviser within the Initial Adviser Service Allowance (**Upfront Fees**). If instructed, the Upfront Fees will be deducted from an Application Amount prior to that amount being applied to any Investment Account. Macquarie Life may request for such documentation as it considers necessary to enable it to consider, assess and process the payment.
- A7 VALUATION**
- A7.1 The Surrender Value of a Member's cover is equal to the sum of the Unit Cancellation Value of the Investment Fund units in the Member's Investment Account (less any Excess Withdrawal Fee).
- A7.2 The Market Value of a Member's cover is the sum of the Market Value of the Investment Fund units in each Member's Investment Account determined in accordance with clause B2.
- A7.3 Macquarie Life will calculate the Surrender Value and Market Value of each Member's cover at least annually and report these amounts to the Trustee.
- A8 REPORTING**
- A8.1 Macquarie Life will issue reports at least annually to the Trustee in relation to the Investment Account and the Guarantee in relation to a Member's cover. The report will include information in relation to the previous reporting period as to:
- units allocated and cancelled under this Policy for that Member;
 - information relating to the Guarantee, including the current level of the Guarantee Base, the Premium and details of any withdrawals from the Investment Account and payments made under the Guarantee;
 - information relating to the value of the Member's cover;
 - fees paid to Macquarie Life;
 - confirmation of Switches;
 - other relevant information as determined by Macquarie Life.
- A9 CONDITIONS FOR COVER UNDER THIS POLICY**
- A9.1 It is a condition of cover under this Policy that the Superannuation Fund is and at all times remains a Complying Superannuation Fund and that the Trustee immediately notifies Macquarie Life if in relation to any year of income the Superannuation Fund ceases to be a Complying Superannuation Fund. The Trustee undertakes to administer the Superannuation Fund and exercise its rights under this Policy in such a manner as to ensure that the Superannuation Fund at all times is and remains a Complying Superannuation Fund.
- A9.2 It is a further condition of cover under this Policy that the Policy is and at all times remains a segregated current pension asset of the Superannuation Fund for the purposes of section 295–385 of the Tax Act and that the Trustee immediately notifies Macquarie Life if in relation to any year of income the Policy ceases to be a segregated asset of the Superannuation Fund. The Trustee undertakes to administer the Superannuation Fund and exercise its rights under this Policy in such a manner as to ensure that the Policy is and at all times remains a segregated current pension asset of the Superannuation Fund.
- A9.3 It is a further condition of cover under this Policy that each Member is and at all times remains a member of the Superannuation Fund and each Spouse is and at all times remains a reversionary beneficiary and that the Trustee immediately notifies Macquarie Life if any Member ceases to be a member of the Superannuation Fund and if any Spouse ceases to be a reversionary beneficiary.
- A9.4 Without limiting clause A14, if there is a breach of clause A9.1, A9.2 or A9.3 Macquarie Life may at its option:
- (a) cancel this Policy or terminate a Member's cover under this Policy and redeem any remaining Investment Fund units in any Investment Accounts and pay the Surrender Value of a Member's cover to the Trustee in accordance with clause B4 after deducting an amount which Macquarie Life considers sufficient to meet any additional Taxes which are, or may be payable by Macquarie Life by reason of that fact; or
 - (b) maintain this Policy or the cover of the affected Member, but deduct any amount payable to the Trustee under the Policy to meet any additional Taxes which are, or may be payable by Macquarie Life and to reimburse Macquarie Life for any additional costs incurred.
- A9.5 The Trustee must immediately notify Macquarie Life if it becomes aware of a breach of any of the requirements under clause A9.1, A9.2 or A9.3. In addition, Macquarie Life may request that the Trustee

submit an annual notification of compliance with the above requirements. If the Trustee does not provide such notice, Macquarie Life will assume for the purposes of the Policy that the Trustee has continued to comply with the requirements of these clauses.

A10 DUTY OF DISCLOSURE

- A10.1 Before the Policy is entered into or varied to cover new Members or Spouses, the Trustee, each Member and each Spouse has a statutory duty under the *Insurance Contracts Act 1984* (Cth) to disclose to Macquarie Life every matter that the Trustee, Member or Spouse knows, or could reasonably be expected to know, is relevant to Macquarie Life's decision whether to accept the relevant risk under the Policy and, if so, on what terms. The Trustee, each relevant Member and each relevant Spouse has the same duty to disclose those matters to Macquarie Life before the Policy is varied or extended (for example, where the Policy is varied to extend cover to a new Member and their Spouse, if relevant).
- A10.2 The statutory duty described in this clause A10 does not require disclosure of a matter:
- (a) which is of common knowledge;
 - (b) which diminishes Macquarie Life's risk;
 - (c) which Macquarie Life knows or, in the ordinary course of business, ought to know; or
 - (d) as to which compliance with this duty is waived by Macquarie Life.
- A10.3 If the Trustee, a Member or a Spouse under this Policy fails to comply with their duty of disclosure as described in this clause A10 prior to this Policy being issued and Macquarie Life would not have entered into the Policy on any terms if the failure had not occurred, Macquarie Life may, subject to applicable legislation, avoid the Policy within 3 years of entering into it. If the insured's non-disclosure is fraudulent, Macquarie Life may, subject to applicable legislation, avoid the contract at any time.
- A10.4 If a Member or a Spouse under this Policy fails to comply with their duty of disclosure as described in this clause A10 prior to cover being extended to that Member or Spouse but after this Policy has been issued, and Macquarie Life would not have extended cover to that Member or Spouse on any terms if the failure had not occurred, Macquarie Life may, subject to applicable legislation, avoid the cover with respect to that Member or Spouse within 3 years of that cover coming into effect. If the insured's non-disclosure is fraudulent, Macquarie Life may, subject to applicable legislation, avoid the relevant cover with respect to that insured at any time.

A10.5 Where Macquarie Life is entitled to avoid the Policy or relevant cover within 3 years of entering into it, it may elect not to avoid but to reduce the cover provided in accordance with a formula that takes into account the premiums, costs and other fees that would have been payable if all relevant matters had been disclosed to Macquarie Life.

A11 TAX

- A11.1 The Trustee is liable for any additional Taxes or other charges levied from time to time by a government authority (**Relevant Costs**) in relation to this Policy. Macquarie Life may withhold payment of any money payable to the Trustee until any Relevant Costs are discharged, or may meet the Relevant Costs by deducting the amount from the Investment Account or any benefit payable to or in respect of a Member or may recover the amount from any other money or property held for or in respect of the Member or other person. If Macquarie Life determines that insufficient Tax was deducted from any benefit paid under this Policy, an amount which the Trustee determines the Member or other recipient was not entitled to be paid may be deducted from any benefit payable to such Member or other recipient or (failing which) must be repaid to Macquarie Life on demand.

A12 AMENDMENT

- A12.1 Notwithstanding anything to the contrary in this Policy Document, Macquarie Life has the right to amend any of the provisions of this Policy including suspension of payment of withdrawals and switching by notice to the Trustee in order to comply with or take account of any change in general or statutory or superannuation law or regulation or income tax treatment affecting the Policy. This right also extends to any other circumstances which in the opinion of Macquarie Life's appointed actuary renders it prejudicial to the interests of all or any policyholders of Macquarie Life to continue to give effect to such provisions.
- A12.2 Without limiting any other right or obligation which Macquarie Life or the Trustee have under the Policy, Macquarie Life and the Trustee may agree in writing to vary any of the provisions of this Policy including, without limitation, any fees, withdrawals, benefits or payments under the Guarantee in respect of the Policy. This clause does not apply to any changes to the Establishment Fee under clause A6.2, the transfer administration fee under clause A15.2, the Investment Management Fee, the Excess Withdrawal Fee, Switching Fee, the administration fee under clause B4.12, or to the manner in which Macquarie may adjust these fees.

A13 PAYMENTS

- A13.1 Macquarie Life will pay withdrawals from an Investment Account and the Guarantee benefit and other benefits to the Trustee on the terms specified in this Policy. Macquarie Life is not required to see to the application of any moneys so paid.
- A13.2 If in the opinion of the Australian Prudential Regulation Authority the payment of any benefit or amount under this Policy would be prejudicial to the financial stability of Macquarie Life or the financial interests of the policyholders of Macquarie Life, Macquarie Life may, with the written approval of the Australian Prudential Regulation Authority, suspend or vary for such period and subject to such conditions as the Australian Prudential Regulation Authority sees fit, the obligation of Macquarie Life to make such payment.
- A13.3 If the payment of any money or doing of any act under this Policy falls on a day which is not a Business Day, that payment must be made or that act must be done on the next Business Day.
- A13.4 The circumstances in which benefits are payable are as set out in this Policy Document, notwithstanding any provision of any superannuation deed or any other agreement entered into by the Trustee and, to the extent of any inconsistency, the provisions of this Policy Document shall prevail. Notwithstanding this, Macquarie Life and the Trustee may agree to vary the terms of the Policy pursuant to clause A12.

A14 COVER TERMINATION AND POLICY CANCELLATION

- A14.1 Cover in respect of a Member under this Policy terminates on the earliest of:
- (a) the date of death of the Member, or if the Spouse Option has been elected, the death of the last of the Member and the Spouse;
 - (b) the date on which the Trustee exercises its Cooling Off Right with respect to cover under the Policy for that Member;
 - (c) the date an Excess Withdrawal is made that reduces the Investment Account held in respect of that Member to nil;
 - (d) a date which is one month after the date on which the Trustee provided notice to Macquarie Life in a form acceptable to Macquarie Life that the Trustee wishes to terminate cover in respect of a Member under this Policy; or
 - (e) the cancellation of the Policy under clause A9.4(a).

- A14.2 If cover under the Policy is terminated under clause A14.1(d) or (e), Macquarie Life will redeem any remaining Investment Fund units in the Member's Investment Account and pay the Surrender Value of a Member's cover to the Trustee in accordance with clause B4.9.
- A14.3 This Policy is cancelled after the payment of the final benefit in respect of the last Member or Spouse.
- A14.4 Macquarie Life, may, if it determines that the Trustee, a Member or a Spouse have not acted in accordance with the terms and conditions of this Policy, avoid or cancel the Policy or terminate cover in respect of the Member or Spouse under the Policy, vary the benefits payable under the Policy or otherwise adjust its liability under the Policy in accordance with its rights at law, including the *Insurance Contracts Act 1984* (Cth), as amended.
- A14.5 Following termination of cover under this Policy, Macquarie Life will provide the Trustee with a report that will include relevant information since the last report.

A15 TRANSFERRING THE POLICY

- A15.1 At its sole discretion, Macquarie Life may on the request of the Trustee, transfer the Policy to a different person (**Transferee**) subject to satisfying all of the following conditions:
- (a) the Transferee must be the trustee of a Complying Superannuation Fund to which the Policy will be transferred (**Transfer Fund**);
 - (b) the Transferee must agree to hold the Policy as a segregated asset of the Transfer Fund;
 - (c) the Policy must be referable to the same Member(s) and, if the Spouse Option has been elected, same Spouse(s);
 - (d) the Member(s) and Spouse(s) must be member(s) or spouse(s) of member(s) of the Transfer Fund;
 - (e) the Policy must be transferred with all applicable options (that is, Spouse Option, Estate Protection Option) continuing to apply;
 - (f) the Trustee must execute a deed of transfer and any other documents reasonably required, in the form acceptable to Macquarie Life; and
 - (g) the Trustee, the Transferee and Macquarie Life must comply with the *Life Insurance Act 1995*, to the extent that it governs the assignment of the Policy, including (but not limited to) signing a memorandum of transfer, if required to do so by the *Life Insurance Act 1995*.

A15.2 Macquarie Life may charge a transfer administration fee of \$150 per Member, to cover all costs and expenses it incurs considering any request for transfer and/or transferring the Policy. Macquarie may apply CPI Indexing to this transfer administration fee each year.

A15.3 The Policy is not transferable other than at the discretion of Macquarie Life in accordance with clause A15.1. If the Policy is transferred without the approval of Macquarie Life, the transfer will immediately be rendered null and void. Macquarie Life may cancel the Policy by reason of that fact and pay to the Transfer Fund any amount owing assuming the cancellation had occurred under clause A14.1(e).

A16 DISCLOSURE TO AUTHORITY

A16.1 The Trustee agrees with Macquarie Life that all records relating to the Policy may be produced to the Australian Prudential Regulation Authority or any person authorised to require production of such records.

A17 POLICY NOT TO BE USED AS SECURITY

A17.1 Neither the value of the Policy, nor the withdrawals, benefits or the amounts due or paid under the Guarantee, may be used as security for any borrowing.

PART B - UNIT LINKED INVESTMENT FUNDS

B1 UNITS

B1.1 For convenience of calculation, the value of benefits under the unit linked Investment Funds are determined by reference to units and fractional parts of units.

B1.2 Units in a unit linked Investment Fund may exist in one or more classes. All units of a given class in a unit linked Investment Fund have an equal value and the value of a unit of a given class on a valuation date will be the Net Asset Value of the assets referable to that class within the relevant Investment Fund (determined pursuant to clause B2.5), divided by the total number of units allocated to that class of units in that Investment Fund at that valuation.

B1.3 Units in a unit linked Investment Fund will only be allocated or cancelled when an Initial Investment is applied to, or monies are withdrawn from, the Investment Fund. Upon their cancellation, units in a unit linked Investment Fund will cease to exist. Units will be issued at the Unit Allocation Value and redeemed at the Unit Cancellation Value.

B2 ASSET VALUE OF AN INVESTMENT FUND

B2.1 Macquarie Life will ascertain the Net Asset Value of the assets referable to each Investment Fund unit class daily or as frequently as Macquarie Life may determine.

B2.2 The value of assets referable to the Investment Fund unit class shall be, unless otherwise stated, the Market Value of all assets referable to the Investment Fund unit class at the time of valuation, as determined by Macquarie Life.

B2.3 Macquarie Life has the right from time to time to instruct an appropriate valuer or valuers, as determined by Macquarie Life, to value all or any of the assets referable to an Investment Fund unit class. The cost of such valuations shall be charged to the Investment Fund unit class as costs and reimbursable from that Investment Fund unit class.

B2.4 Earnings from the assets referable to an Investment Fund unit class will be credited to that Investment Fund unit class.

B2.5 The Net Asset Value of an Investment Fund unit class is the value of the assets of that Investment Fund unit class less liabilities or costs or Taxes referable to the Investment Fund unit class which may include:

- (a) subject to clause A11, any provision Macquarie Life may make for Taxes in relation to any unrealised gain or loss or profit;
- (b) any provision Macquarie Life may make in respect of any investment for which in Macquarie Life's opinion the value determined under clause B2.2 is not fairly or accurately determined;
- (c) any provision which Macquarie Life may make for bad or doubtful debts (then owing or which may at some future time become owing) as in Macquarie Life's opinion is fair and reasonable;
- (d) the Investment Management Fee which has accrued on a daily basis, but not yet paid to Macquarie Life; and
- (e) any other provisions or accruals or prepayments required under generally accepted accounting principles.

B3 INITIAL INVESTMENT

B3.1 The number of units allocated to an Investment Account in respect of an Investment Fund unit class will be the number determined by dividing the amount of the Initial Investment applied to the Investment Fund unit class by the Unit Allocation Value of a unit in that Investment Fund unit class at the time of allocation rounded down to two decimal places.

B4 WITHDRAWALS**Allowed Withdrawals**

- B4.1 Subject to clause B5, in respect of a Member's cover, the Trustee may make monthly withdrawals from an Investment Account of an amount up to the Guaranteed Lifetime Income divided by 12 (**Monthly Guaranteed Lifetime Income**) to fund superannuation income stream benefits. The Trustee must instruct Macquarie Life as to the amount of the withdrawal in the Application Form and may vary this instruction by submitting a notice in a manner approved by Macquarie Life. When the Investment Account value is insufficient to withdraw the Monthly Guaranteed Lifetime Income or pay the Final Entitlement under clause B6.1, then the Guarantee will apply in accordance with Part C of this Policy Document. If the Trustee does not withdraw the maximum Monthly Guaranteed Lifetime Income in a given month for a Member, the Trustee cannot carry over the amount into a subsequent month.
- B4.2 The Trustee may at any time give a withdrawal notice in a manner approved by Macquarie Life to make an additional monthly withdrawal to pay service fees within the Ongoing Adviser Service Allowance from an Investment Account in respect of a Member. Macquarie Life may request for such documentation as it considers necessary to enable it to consider, assess and process the withdrawal.

Excess Withdrawals

- B4.3 The Trustee may at any time give a withdrawal notice in a manner approved by Macquarie Life to make a withdrawal from the Investment Account in a month that is in addition to the withdrawals specified in clauses B4.1, B4.2 and B5 (**Excess Withdrawal**). Macquarie Life may from time to time determine a minimum amount that may be withdrawn as an Excess Withdrawal.
- B4.4 An Excess Withdrawal in respect of a Member will reduce the Member's Guarantee Base in the same percentage that the Investment Account has been reduced as a consequence of the Excess Withdrawal. For the avoidance of doubt, the formula below represents the Guarantee Base that is adjusted for an Excess Withdrawal:

$$GB_n = GBo \times \left(\frac{IA_{after}}{IA_{before}} \right)$$

Where:

GB_n is the Guarantee Base following the Excess Withdrawal

GBo is the Guarantee Base before the Excess Withdrawal

IA after is the Net Asset Value of the Investment Account (that is, valued on the Unit Value) after the Excess Withdrawal (allowing for the impact of transaction costs reflected in the Unit Cancellation Value)

IA before is the Net Asset Value of the Investment Account (that is, valued on the Unit Value) before the Excess Withdrawal

Excess Withdrawal Fee

- B4.5 Macquarie Life may charge a withdrawal fee of up to 2.0% of any Excess Withdrawal for a Member requested by the Trustee in the first 7 years of the Commencement Date of the cover in respect of that Member (Excess Withdrawal Fee). If the Excess Withdrawal is to meet the Pension Minimum Drawdown requirements in accordance with clause B5, then no Excess Withdrawal Fee will be charged. The Excess Withdrawal Fee, where levied, will be deducted from the Member's Investment Account.
- B4.6 Macquarie Life reserves the right to increase the Excess Withdrawal Fee rate up to a maximum of twice that specified in clause B4.5 by giving one month's prior written notice to the Trustee.
- B4.7 Macquarie Life may cancel units allocated to the Member's Investment Account in a unit linked Investment Fund to meet the Excess Withdrawal Fee.

Withdrawal notices and cancellation of units

- B4.8 A withdrawal instruction in the Application Form or other withdrawal notice will be deemed an instruction to Macquarie Life to cancel any or all of the units allocated in an Investment Fund unit class in respect of the relevant Member(s) under this Policy. Macquarie Life is not obliged to satisfy any such request if Macquarie Life considers in its absolute discretion that the withdrawal may prejudice the Policy or the way in which the Policy is administered. A withdrawal instruction may be a standing regular instruction and Macquarie Life will implement such regular withdrawals for so long as the instructions remain in-force and so long as there are funds in that Member's Investment Account.
- B4.9 A withdrawal from an Investment Account (which for the avoidance of doubt includes a withdrawal for the payment of the Final Entitlement, Excess Withdrawal Fee, Switching Fee, Ongoing Adviser Service Fee and Premium) involves cancelling units referable to an Investment Fund unit class so as to generate proceeds equal to the amount of the withdrawal to be deducted from that unit class. The number of units

cancelled in the Investment Fund unit class will be equal to the withdrawal amount divided by the Unit Cancellation Value of a unit in that Investment Fund unit class at the time of cancellation. Unless otherwise instructed by the Trustee and agreed by Macquarie Life or at Macquarie Life's discretion to do so otherwise, a withdrawal will be deducted proportionately (based on the amount held in respect of a Member in each Investment Fund as a proportion of the total amount in the Investment Account at the time of payment) from the Investment Funds held in the Member's Investment Account.

- B4.10 Macquarie Life may, by mutual agreement with and at the cost of the Trustee, transfer to the Trustee assets of the Investment Fund unit class in lieu of cash. Assets will be valued in accordance with clause B2.2 and will have a value equal to the number of units cancelled multiplied by the Unit Cancellation Value.
- B4.11 Subject to applicable law, Macquarie Life is not obliged to pay any part of a withdrawal out of funds other than the funds of a Statutory Fund to which this Policy is referable.
- B4.12 Macquarie Life reserves the right to charge an administration fee of \$50 for each administrative change made relating to a Member's Investment Account where the Trustee makes three or more changes in a given year. Macquarie Life may increase the administration fee from time to time in accordance with CPI Indexing.

Suspension of withdrawals

- B4.13 Subject to clauses A12 and A13 or any contrary agreement between the Trustee and Macquarie Life, the proceeds of a withdrawal will be paid to the Trustee or to a person nominated by the Trustee as soon as practicable when funds are available and in any case within 60 days after the date of cancellation of the associated units. If:
- (a) Macquarie Life has taken all reasonable steps to realise sufficient assets to satisfy a withdrawal notice and is unable to do so; or
 - (b) Macquarie Life believes it is not in the interests of policyholders in an Investment Fund unit class to realise assets; or
 - (c) Macquarie Life is unable to calculate the Unit Cancellation Value or to fairly determine the Net Asset Value due to one or more circumstances outside its control such as restricted or suspended trading or extreme price fluctuation or uncertainty in the market for an asset,

the period allowed for satisfaction of the request may be extended by the number of days during which such circumstances apply.

B5 PENSION MINIMUM DRAWDOWN

- B5.1 The Trustee is responsible for meeting its annual Pension Minimum Drawdown requirements under superannuation legislation.
- B5.2 Where the Guaranteed Lifetime Income is **less than** the Pension Minimum Drawdown of a Member, Macquarie Life may, at its absolute discretion and subject to any conditions it may decide to impose from time to time, permit the Trustee to withdraw one additional amount from the Investment Account in a financial year in relation to the Trustee's annual Pension Minimum Drawdown requirements under superannuation legislation, provided Macquarie Life is satisfied that the Trustee has exhausted all its other retirement assets held in respect of that Member other than the Investment Account to meet its annual Pension Minimum Drawdown requirements.
- For the avoidance of doubt, a withdrawal of an amount in order to meet the Pension Minimum Drawdown requirements permitted by Macquarie Life is not classified as an Excess Withdrawal and as such will not reduce the Member's Guarantee Base or Guaranteed Lifetime Income level or incur an Excess Withdrawal Fee.
- B5.3 Macquarie Life may request for such documentation as it considers necessary to enable it to consider, assess and process a withdrawal to meet the Pension Minimum Drawdown.
- B5.4 If the superannuation legislation changes to affect the Pension Minimum Drawdown requirements, Macquarie Life reserves the right to amend the terms and conditions of the Policy to take account of the change, notwithstanding anything to the contrary in this Policy.

B6 FINAL ENTITLEMENT

- B6.1 On the death of the Member, or the later of the death of the Member or Spouse if the Spouse Option has been elected, the Trustee is entitled to an amount (**Final Entitlement**) equal to one year's Guaranteed Lifetime Income.
- B6.2 The Final Entitlement is payable by Macquarie Life:
- (a) from the Member's Investment Account if the Unit Cancellation Value of the units allocated to the Member's Investment Account at the date of notification of the relevant death is equal to or higher than the Final

- Entitlement (see clause C3 as to the payment of the residual Investment Account balance); or
- (b) partly from the Member's Investment Account and partly as a benefit in accordance with clause C2.4, if the Unit Cancellation Value of the units allocated to the Member's Investment Account is insufficient to cover the withdrawal of the entire amount of the Final Entitlement. In this case, the payment of the Final Entitlement will comprise the Unit Cancellation Value of the remaining units allocated to the Member's Account at the date of notification of the relevant death and a benefit calculated in accordance with clause C2.4; or
- (c) in accordance with clause C2.4, if the Unit Cancellation Value of the units allocated to the Member's Investment Account is \$0.
- B6.3 If an amount is payable from the Member's Investment Account under this clause B6, clause B4.9 will apply to the amount as if that payment were a withdrawal.
- B6.4 The Final Entitlement is, at Macquarie Life's discretion, payable to the Trustee or its nominee either at the time of notification of the relevant death or in instalments for a period of one year following the relevant death.
- B6.5 Macquarie Life may deduct from any amount payable under this clause B6 amounts that have already been paid to the Trustee under this Policy before being notified of the relevant death.
- B7 INVESTMENT FUNDS AND SWITCHING**
- B7.1 The Trustee must elect in the Application Form, for a Member, into which Investment Fund(s) it wishes to allocate the Member's Investment Account. The election in the Application Form is an instruction to Macquarie Life to allocate a Member's Investment Account in an Investment Fund or among the different Investment Funds offered by Macquarie Life from time to time in accordance with any allocation rules applicable to the Investment Fund(s) elected.
- B7.2 The Trustee may from time to time instruct Macquarie Life to cancel units (in whole or in part) allocated to an Investment Account in relation to a particular Member in an Investment Fund unit class and apply the value of the units cancelled to the acquisition of units in a different Investment Fund unit class in respect of that Member (**Switch**), subject to any allocation rules or other limitations imposed from time to time by Macquarie Life. Macquarie Life will notify the Trustee of the allocation rules or other limitations applicable to the Investment Funds. The cancellation of units will occur at the relevant Unit Cancellation Value and the acquisition of new units will occur at the relevant Unit Allocation Value.
- B7.3 If the Trustee's instructions cause the allocation rules or other limitations applicable to the Investment Funds to be breached, Macquarie Life may, at its sole discretion, refuse to process the Switch or rebalance the portfolio in a way that avoids the breach which may include rebalancing the portfolio back to the Trustee's initial nominated asset allocation.
- B7.4 Clause B4.9 will apply to the cancellation of units from an Investment Fund unit class on switching as if the amount switched were a withdrawal. Clause B3.1 will apply to the allocation of units in an Investment Fund unit class as the result of a Switch as if the amount switched is a new Initial Investment.
- B7.5 A switching fee of up to 1.0% of the amount which is the subject of a Switch (**Switching Fee**) may be charged by Macquarie Life. Macquarie Life may at its discretion decide not to charge the Switching Fee in respect of a Switch. Macquarie Life may increase the Switching Fee from time to time, provided the Switching Fee is never more than 2.0% of the amount which is the subject of a Switch.
- B8 INVESTMENT MANAGEMENT FEE**
- B8.1 Macquarie Life may charge an investment management fee of up to 1.0% p.a. of each Investment Account (**Investment Management Fee**).
- B8.2 Macquarie Life may rebate any part of any fee charged under this Policy at its sole discretion. Where it does so, the rebated amount is to be credited by Macquarie Life into the Investment Account in relation to the Member to acquire additional units in the Investment Funds at the relevant Unit Allocation Value.
- B8.3 Macquarie Life may vary the Investment Management Fee by giving one month's prior written notice to the Trustee provided that the Investment Management Fee does not exceed twice the percentage specified in clause B8.1.
- B8.4 The Investment Management Fee accrues on a daily basis and it is taken into account in determining Net Asset Value under clause B2.5. Macquarie Life may redeem assets referable to the Investment Fund unit classes in order to meet the Investment Management Fee. An alternative method of payment may be agreed between Macquarie Life and the Trustee.

B9 GUARANTEE PREMIUM CHARGES

- B9.1 On or around the date specified in the Cover Confirmation Statement and on each Investment Anniversary (following the adjustment of the Guarantee Base under clause C2.2, if applicable) thereafter, Macquarie Life will charge the Premium for the Guarantee and if selected, for the Spouse Option and/or Estate Protection Option (determined in accordance with clause C6) from each Investment Account. Unless otherwise instructed by the Trustee and agreed by Macquarie Life, or at Macquarie Life's discretion to do so otherwise, the Premium will be deducted proportionately (based on the amount held in each Investment Fund as a proportion of the total amount in the Investment Account at the time of payment) from the Investment Funds held in the Investment Account by cancelling units. The units will be cancelled at the relevant Unit Cancellation Value.
- B9.2 The proceeds of the cancellation will be transferred to the Statutory Fund No. 2.

PART C – GUARANTEE AND OPTIONS

C1 GUARANTEE AND OPTIONS

- C1.1 The details of the Guarantee with respect to each Member and, where the Spouse Option has been selected, the Spouse, will be specified in the relevant Cover Confirmation Statement(s). The Guarantee will remain in force until it is cancelled in accordance with clause C7. Macquarie Life will not accept an application for cover under the Policy without a Guarantee.
- C1.2 The Guarantee may include the Spouse Option and/or Estate Protection Option, if requested on the Application Form. The options included will be specified in the Cover Confirmation Statement(s).
- C1.3 The circumstances in which the Guarantee benefit and any other benefits are payable with respect to a Member (or if relevant, a Spouse) are set out in the relevant clauses of this Policy Document, notwithstanding any provision of any superannuation deed or any other agreement entered into by the Trustee, the Member or, where relevant, the Spouse.
- C1.4 In issuing cover under this Policy, including where this Policy is varied so that cover is extended to a new Member and, if relevant, their Spouse, Macquarie Life relies on information given to it by the Trustee. Macquarie Life may adjust the terms of cover if it determines in its sole discretion that any information provided to it by the Trustee, by the Trustee's designates, the Member or the Member's Spouse is false or misleading.

C2 GUARANTEE AND SPOUSE OPTION

- C2.1 Macquarie Life will determine when and if any Guarantee benefit is payable, in accordance with the terms and conditions of this Policy.
- C2.2 The Guarantee Base is initially set at the value of the Member's Initial Investment. On each Investment Anniversary, the Guarantee Base may:
- (a) increase to the Net Asset Value of the Investment Account if it is higher than the current Guarantee Base; or
 - (b) remain the same if the Net Asset Value of the Investment Account is lower than the Guarantee Base.

Macquarie Life will recalculate the Guaranteed Lifetime Income at any time the Guarantee Base changes or the Member's Income Rate falls.

- C2.3 From the time that a Member's Investment Account value is insufficient to cover the withdrawal of the Monthly Guaranteed Lifetime Income payment allowed under clause B4.1, Macquarie Life will commence paying this amount monthly in arrears to the Trustee until the date of death of the Member or the date of death of the last remaining of the Member or his or her Spouse if the Spouse Option is elected. The first payment may be an amount less than the monthly amount as the first payment will supplement the withdrawal of the remaining value in the Investment Account up to the Monthly Guaranteed Lifetime Income amount.
- C2.4 If the Final Entitlement for a Member is not able to be met wholly by a withdrawal from that Member's Investment Account or is only able to be met partly by a withdrawal from that Member's Investment Account under clause B6.1, Macquarie Life will on notification of the death of the Member, or the later of the death of the Member or Spouse if the Spouse Option has been elected, pay to the Trustee or its nominee:
- (a) a benefit of an amount which is the difference between the amount payable from the Member's Investment Account under clause B6.1 and the Final Entitlement, if the amount payable for that Member from the Member's Investment Account under clause B6.1 is less than the Final Entitlement; or
 - (b) a benefit equal to the Final Entitlement, if the Unit Cancellation Value of the units allocated to the Member's Investment Account is \$0;

so that that in total the amount to be received by the Trustee or its nominee under clauses B6 and C2.4 following the date of the relevant death equals one year's Guaranteed Lifetime Income.

C2.5 Macquarie Life may, on one month's prior written notice to the Trustee, alter the payment of the Guarantee benefit to a quarterly, biannual or annual basis, but if it does so, each benefit payment must be paid in advance. In respect of the benefit payable under clause C2.4, Macquarie Life may, at its discretion, pay this benefit either at the time of notification of the relevant death or in instalments for a period of one year following the relevant death.

C2.6 It is the responsibility of the Trustee to inform Macquarie Life promptly of, and in any event no later than one month after the death of a Member or a Spouse (if the Spouse Option is elected). If Macquarie Life determines that the Guarantee benefit in respect of a Member has been paid to the Trustee after:

- (a) the death of the Member in the case that the Spouse Option has not been elected; or
- (b) the death of the Member or the death of the Spouse, whichever is the later, in the case that the Spouse Option has been elected,

(Over Payments) then the Over Payments not able to be recovered from the Final Entitlement benefit must be paid back to Macquarie Life within seven days of the earlier of:

- (a) the date when the Trustee becomes aware of the Over Payment; or
- (b) the date when a claim is made by Macquarie Life with respect to the Over Payment.

C3 DEATH BENEFIT

C3.1 Macquarie Life will determine when and if any Death Benefit is payable in accordance with the terms and conditions of this Policy.

C3.2 The amount of the Death Benefit with respect to a Member payable by Macquarie Life is the Unit Cancellation Value of the Member's Investment Account (before any deductions with respect to the Final Entitlement) less an amount payable with respect to the Final Entitlement, calculated under clause B6.1 as at the date Macquarie Life is notified of the Member's death or on the death of the last remaining of the Member or his or her Spouse if the Spouse Option is elected.

C3.3 For the avoidance of doubt, no Death Benefit will be payable by Macquarie Life if the amount of the Death Benefit calculated in accordance with clause C3.2 is \$0.

C3.4 Macquarie Life will pay the Death Benefit to the Trustee or to a person nominated by the Trustee on being notified of the death of the Member or on the death of the last

remaining of the Member or his or her Spouse if the Spouse Option is elected, in accordance with clause C5.

C3.5 The Death Benefit is not a withdrawal for the purposes of clause B4 or clause C4.3.

C4 ESTATE PROTECTION OPTION

C4.1 Where a benefit is payable in respect of an in-force Estate Protection Option, Macquarie Life will determine the amount payable as at the date Macquarie Life receives notification of the death of the Member or the death of the last remaining of the Member or his or her Spouse if the Spouse Option is elected.

C4.2 The Estate Protection Option is cancelled on the earlier of:

- (a) when the Investment Account value is equal to \$0; and
- (b) when Total Deductions equals or exceeds the Guarantee Base.

C4.3 Where there is an in-force Estate Protection Option with respect to a Member, Macquarie Life will as at the date Macquarie Life receives notification of the death of the Member or the death of the last remaining of the Member or his or her Spouse if the Spouse Option is elected:

- (a) calculate an amount that may be payable as an Estate Protection Option benefit as follows:
Estate Protection Option benefit =
Guarantee Base – Death Benefit – Total Deductions
- (b) if the Estate Protection Option benefit is a positive number, pay the amount of the benefit at the same time as the Death Benefit, in accordance with clause C5.

C4.4 If there are outstanding fees, Over Payments or Pre-Payments, Macquarie Life may deduct these amounts from the Estate Protection Option benefit before paying the latter to the Trustee or its nominee.

C5 PAYMENT OF GUARANTEE BENEFITS

C5.1 Macquarie Life will pay the Guarantee benefit (net of outstanding fees, Over Payments and Pre-Payments) and other benefits under this Policy to the Trustee or to a person nominated by the Trustee, within 60 days of when the benefit is due and payable following the satisfaction of the requirements of clause C5.2. Payment in this way will discharge our liability under this Policy with respect to the Guarantee benefit and those other benefits. Macquarie Life is not required to see to the application of Guarantee benefit or the other benefits Macquarie Life has paid.

C5.2 Payment of the Guarantee benefit is conditional upon the Trustee providing Macquarie Life with all information reasonably required by Macquarie Life and producing all certificates or other documents as are necessary to enable Macquarie Life to consider, assess and process the payment.

C5.3 In the event of non compliance with the terms and conditions of this Policy, subject to applicable laws, Macquarie Life is entitled to decline to pay a Guarantee benefit or any other benefits under this Policy.

C6 PREMIUM FOR THE INSURANCE COVER

C6.1 Macquarie Life will determine the annual Premium payable for each Member's cover provided under the Guarantee in accordance with this clause.

C6.2 The Premium rates for each element of a Member's cover are as follows:

Cover	Premium
Guarantee	1.10% p.a. of the Member's Guarantee Base
Spouse Option (includes the Estate Protection Option)	0.50% p.a. of the Member's Guarantee Base
Estate Protection Option only	0.35% p.a. of the Member's Guarantee Base

C6.3 The Premium with respect to a Member is payable annually in advance and will cease to be payable when the value of the Investment Account is \$0 or for the Estate Protection Option, when the Estate Protection Option is cancelled under clause C4.2. Macquarie Life will automatically charge the Premium to the Member's Investment Account in accordance with clause B9.

C6.4 Macquarie Life reserves the right to increase the Premium rates up to twice those as set out in clause C6.2, after giving one month's prior written notice to the Trustee.

C7 CANCELLING THE GUARANTEE AND OPTIONS

C7.1 The Trustee may elect to cancel the Guarantee with respect to a Member by giving notice in a form acceptable to Macquarie Life which is to be made available by Macquarie Life upon request by the Trustee. The Guarantee will be cancelled when Macquarie Life issues a notice (**Notice of Cancelled Guarantee**) to the Trustee. Where the Guarantee is cancelled, the Spouse Option and Estate Protection Option (if applicable) will also be cancelled at the same time.

C7.2 The Guarantee with respect to a Member will be automatically cancelled on cancellation of the Member's cover or the termination of the Policy. Any Spouse Option and Estate Protection Option applicable to the Member will also be cancelled on cancellation of the Member's cover or the termination of the Policy.

C7.3 If a Guarantee, the Spouse Option and the Estate Protection Option (if applicable) are cancelled, the Premium will stop being withdrawn from the relevant Investment Account. Any Premium already withdrawn will not be refundable.

C8 GUARANTEE SURRENDER VALUE

C8.1 The surrender value of each of the Guarantee, Spouse Option and Estate Protection Option is zero.

C9 EXCLUSIONS

C9.1 No benefit is payable in relation to an Estate Protection Option if the death of the Member or the Spouse is due directly or indirectly to intentional self inflicted injury.

C10 SUSPENSION OF NON-INVESTMENT ACCOUNT BENEFITS

C10.1 Subject to clauses A12 and A13 or any contrary agreement between the Trustee and Macquarie Life, benefits under the Policy (other than Investment Account withdrawals) will be paid as soon as practicable when funds are available and in any case within 60 days of the requirements of clause C5.2 being satisfied.

C10.2 If Macquarie Life has taken all reasonable steps to realise sufficient assets to satisfy the payment of benefits under the Policy (other than Investment Account withdrawals), and is unable to do so, the period allowed to Macquarie Life to pay those benefits may be extended by the number of days during which this circumstance applies.

C11 CPI INDEXING

C11.1 Subject to this clause, where an amount in relation to the Policy is stated to be subject to CPI Indexing, Macquarie Life may, on every Policy Anniversary increase that amount by a percentage which is not higher than the percentage change in the CPI over the period between:

- (a) the most recent Quarter preceding the Policy Anniversary; and
- (b) the fifth-most recent Quarter preceding the Policy Anniversary.

C11.2 Macquarie Life must, as soon as practicable, inform the Trustee in writing of a change in any amount resulting from the application of CPI Indexing to that amount.

- C11.3 Macquarie Life may not increase an amount which is subject to CPI Indexing on any Policy Anniversary where the percentage change in the CPI over the period between:
- (a) the most recent Quarter preceding the Policy Anniversary; and
 - (b) the fifth-most recent Quarter preceding the Policy Anniversary,
- is not a positive number.
- C12 PAID UP ANNUITY**
- C12.1 If an Excess Withdrawal is made in respect of a Member that reduces their Investment Account balance to zero, all cover under this Policy in respect of that Member and/or Spouse will terminate as set out in Clause A14.1(c).
- C12.2 Prior to making such an Excess Withdrawal in respect of a Member, the Trustee may apply to Macquarie Life for a Paid Up Annuity to be granted in respect of any existing Guaranteed Income Benefit relating to that Member.
- C12.3 The terms of any Paid Up Annuity granted, including:
- (a) the future commencement date for the Paid Up Annuity (the **Paid Up Annuity Start Date**); and
 - (b) the annual annuity amount payable from the Paid Up Annuity Start Date (the **Paid Up Annuity Amount**),
- will be determined by Macquarie Life.
- C12.4 The Paid Up Annuity Start Date in relation to a Member will be calculated as the projected commencement date of that Member's Guaranteed Income Benefit. This will be determined based on a projection of the Member's Investment Account balance reducing to a zero amount, allowing for future investment earnings, Allowed Withdrawals and the deduction of future fees, premiums and charges under the Policy.
- C12.5 The Paid Up Annuity Amount in relation to a Member will be determined having regard to the value of the Guarantee Income Benefit which the Member, or if relevant the Member's Spouse is projected to receive after the Paid Up Annuity Start Date based on their life expectancy at the date of the Excess Withdrawal (based on the most recent Australian Life Table at the time of the calculation), less the value of forgone Guaranteed Income Benefit premiums and other fees and charges Macquarie Life deems relevant, less the impact of any additional taxes or other costs or expenses incurred by Macquarie Life in granting or paying the Paid Up Annuity, and allowing for the effect of the time value of money on the calculations.
- C12.6 The methods and assumptions used for the projections and calculations under C12.4 and C12.5 will be as determined by Macquarie Life and will include allowance for the value of the risks and option costs incurred by Macquarie Life in providing any Paid Up Annuity.
- C12.7 Where:
- (a) the Paid Up Annuity Start Date in relation to a Member would occur after the date of death of the Member, (or if relevant, the latter of the date of death of the Member and Spouse) determined having regard to the Member's (and if relevant, their Spouse's) assumed life expectancy on the date of the Excess Withdrawal calculated for the purpose of clause C12.5; or
 - (b) the assessed value of the residual Guaranteed Income Benefit in relation to a Member commencing after the Paid Up Annuity Start Date is less than the value of projected forgone premiums, fees and charges relating to that Guaranteed Income Benefit and the impact of other taxes and costs under clause C12.5,
- no Paid Up Annuity will be paid by Macquarie Life in relation to that Member.
- C12.8 The payment of any Paid Up Annuity from its Paid Up Annuity Start Date will be subject to the same terms and conditions, including as to the survival of the Member and/or Spouse to the Paid Up Annuity Start Date, as the terms and conditions applicable to Guaranteed Income Benefit which may have otherwise been payable under the Policy.
- C12.9 For the avoidance of doubt, Clause A14.1(c) does not apply with respect to a Member (and with respect to a Spouse, if there is an in-force Spouse Option with respect to that Member) if Macquarie Life has agreed to issue a Paid Up Annuity with respect to that Member or Spouse (as applicable).

PART D – GLOSSARY OF TERMS USED IN THIS POLICY

Account Balance	The account balance of an Account Based Pension, as determined under Subclause 1(2) of Schedule 7 of the <i>Superannuation Industry (Supervision) Regulations 1994</i> .												
Account Based Pension	A pension which meets the standards set out in Regulation 1.06(1)(a), 1.06(9A)(a), 1.06(9A)(c), 1.06(9A)(d) and 1.07D of the <i>Superannuation Industry (Supervision) Regulations 1994</i> .												
Allowed Withdrawal	A withdrawal that is allowed to be made from the Investment Account under clauses B4.1, B4.2 and B5.												
Application Amount	In relation to cover under the Policy, the investment premium, Establishment Fee and Upfront Fees (if any) which the Trustee must pay to Macquarie Life to acquire the benefits of that cover for the Member (and if relevant, the Member's Spouse).												
Application Form	The form approved by Macquarie Life which must be completed as part of a Policy Application or a Cover Application, as described in clause A4.4.												
Australian Life Table	The Australian Life Tables published by the Australian Government Actuary or the successor to this publication, if applicable.												
Base Rate	<table border="1"> <thead> <tr> <th></th> <th colspan="3">Age of Member (or the age of the younger of the Member and the Spouse if the Spouse Option is elected) on the Commencement Date</th> </tr> <tr> <th></th> <th>60 – 64</th> <th>65- 69</th> <th>70+</th> </tr> </thead> <tbody> <tr> <td>Base Rate</td> <td>3.5%</td> <td>4.0%</td> <td>4.5%</td> </tr> </tbody> </table>		Age of Member (or the age of the younger of the Member and the Spouse if the Spouse Option is elected) on the Commencement Date				60 – 64	65- 69	70+	Base Rate	3.5%	4.0%	4.5%
	Age of Member (or the age of the younger of the Member and the Spouse if the Spouse Option is elected) on the Commencement Date												
	60 – 64	65- 69	70+										
Base Rate	3.5%	4.0%	4.5%										
Business Day	A day other than a Saturday or a Sunday, on which banks are open for general banking business in Sydney.												
Commencement Date	In relation to cover under the Policy, is the date when that cover commences as specified in the relevant Cover Confirmation Statement.												
Complying Superannuation Fund	Has the meaning given to that term in the <i>Superannuation Industry (Supervision) Act 1993</i> .												
Cooling Off Period	A period during which the Trustee can exercise a Cooling Off Right as described in clause A5.4.												
Cooling Off Right	A right of the Trustee described in clause A5.4.												
Cover Application	An application for cover under this Policy by an Eligible Member as described in clause A4.2												
Cover Confirmation Statement	A statement issued by Macquarie Life pursuant to clause A4.7 or A4.8.												
CPI	The All Groups Weighted Average of Eight Capital Cities Consumer Price Index published by the Australian Bureau of Statistics. If the All Groups Weighted Average of Eight Capital Cities Consumer Price Index no longer exists, CPI means an index published by the Australian Bureau of Statistics or its successor relating to price variations that Macquarie Life believes, on reasonable grounds, operates fairly and reasonably in the circumstances.												

CPI Indexing	The terms on which certain amounts under this Policy may be periodically increased by Macquarie Life, as described in clause C11.
Death Benefit	The benefit, the amount and payment of which is set out in clause C3.
Eligible Assets	Segregated assets (including cash) that are held by a Complying Superannuation Fund in an account that is solely referable to an Account Based Pension of the Member.
Eligible Member	A member of the Superannuation Fund. For the avoidance of doubt, an Eligible Member is not a Member for the purposes of the Policy unless and until the Eligible Member has been the subject of a successful Cover Application.
Eligible Person	Australian resident individual over 60 years of age.
Establishment Fee	The establishment fee described in clause A6.1.
Estate Protection Option	An option under which a benefit may be payable as described in clause C4.
Excess Withdrawal	A withdrawal from an Investment Account that is not an Allowed Withdrawal and any Excess Withdrawal Fees.
Excess Withdrawal Fee	The fee payable to Macquarie Life in relation to an Excess Withdrawal as described in clause B4.5.
Expenses	All costs incurred in managing unit linked Investment Fund assets, including statutory charges, brokerage, commissions, Taxes, costs associated with valuations and the acquisition and disposal of assets, fees associated with the management and maintenance of property assets, custodial and trustee fees.
Final Entitlement	An amount payable by Macquarie Life when the Member dies, or if the Spouse Option is elected, when the last of the Member or his or her Spouse dies, made under clause B6.1 or clause C2.4.
Guarantee	The agreement of Macquarie Life under the Policy to pay the Guaranteed Lifetime Income when the Investment Account value is not enough to withdraw the Guaranteed Lifetime Income or the Final Entitlement under clauses C2 and B6.
Guarantee Base	A notional level that is initially set at the value of the Trustee's Initial Investment which may be increased by Macquarie Life on each Investment Anniversary under clause C2.2 and which may be reduced if the Trustee makes an Excess Withdrawal under clause B4.3.
Guaranteed Income Benefit	In relation to a Member, the Guarantee benefit payable under clause C2 in relation to that Member, or in relation to that Member and their Spouse if the Spouse Option has been selected, but excluding any benefit payable under clause C2.4 in relation to that Member or Spouse.
Guaranteed Lifetime Income	The annual income level in respect of a Member calculated by multiplying the Income Rate by the Member's prevailing Guarantee Base. It will be recalculated in respect of a Member any time the Guarantee Base changes or the Member's Income Rate falls.
Income Rate	A Member's Base Rate plus the Lifestyle Bonus Rate.
Initial Adviser Service Allowance	0.0% - 3.0% of the Application Amount.
Initial Investment	The Application Amount net of Upfront Fees.

Investment Account	An account for each Member established by Macquarie Life under clause A3.1 into which the Initial Investment of each Member is placed, and subsequently invested into the chosen Investment Fund(s) and from which fees, payments and Premiums and any Taxes may be deducted under the Policy and amounts may be withdrawn by the Trustee.
Investment Anniversary	Each yearly anniversary of the 15th of the month occurring after the Commencement Date.
Investment Fund	A fund into which Macquarie Life may allocate the Investment Account of each Member.
Investment Management Fee	The amount charged against the net assets of the Investment Funds in accordance with clause B8.1.
Lifestyle Bonus Rate	2.0% for the first 5 years after the Commencement Date. On and from the 5th Investment Anniversary, it is progressively recalculated on each Investment Anniversary based on the balance of a Member's Investment Account. If on the Investment Anniversary the value of the units under a Member's Investment Account (determined on the Unit Cancellation Value) is at or above 80% of their Guarantee Base, the Lifestyle Bonus Rate will retain its then current rate and will not be adjusted. If on the Investment Anniversary the value of the units under a Member's Investment Account (determined on the Unit Cancellation Value) is below 80% of their Guarantee Base, the then current Lifestyle Bonus Rate will be decreased by 0.5% (for example, from 1.5% to 1.0%). The Lifestyle Bonus Rate cannot become negative.
Macquarie Life	Macquarie Life Limited ABN 56 003 963 773, the issuer of this master life insurance policy.
Market Value	<p>The amount that a willing and sophisticated buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller assuming a (potentially hypothetical) secondary market exists and that the parties deal with each other at arms length in relation to the sale after proper marketing of the asset and assuming both parties acted knowledgeably and prudentially in relation to the sale.</p> <p>Where required under the Policy, the appointed actuary of Macquarie Life will assist in determining this value in respect of the Policy or any of its constituent benefits.</p>
Member	An Eligible Member who has been accepted by Macquarie Life for cover under and, in accordance with, the provisions of the Policy and who, on the Commencement Date, is an Eligible Person.
Monthly Guaranteed Lifetime Income	The Guaranteed Lifetime Income divided by 12.
Net Asset Value	The net asset value as calculated in accordance with clause B2.5.
Notice of Cancelled Guarantee	A notice given by the Trustee to Macquarie Life regarding the cancellation of the Guarantee with respect to a Member as described in clause C7.1.
Ongoing Adviser Service Allowance	0.0% - 0.7% p.a. of the Investment Account balance.
Over Payments	Overpayments of the Guarantee benefit by Macquarie Life as described in clause C2.6.
Paid Up Annuity	An annuity which the Trustee may apply for and which will be issued by Macquarie Life in accordance with clause C12.

Paid Up Annuity Amount	The annual annuity amount payable from the Paid Up Annuity Start Date with respect to the Paid Up Annuity.
Paid Up Annuity Start Date	The commencement date for the Paid Up Annuity.
Pension Minimum Drawdown	The minimum annual payment amount from an Account Based Pension applying the relevant percentage factor prescribed in the <i>Superannuation Industry (Supervision) Regulations 1994</i> to the Account Balance.
Policy Anniversary	An anniversary of the Commencement Date.
Policy Application	The application by the Trustee for this Policy as described in clause A4.1.
Premium	The amount payable to Macquarie Life for the Guarantee, Spouse Option or Estate Protection Option (as relevant) calculated in accordance with clause C6.
Pre-Payment	Any amount under the Policy that is paid by Macquarie Life to the Trustee, at its discretion, in advance.
Quarter	A period of three months commencing on 1 January, 1 April, 1 July or 1 October where the CPI is publically available for that period.
Relevant Costs	Additional Taxes or other charges levied from time to time by a government authority in relation to this Policy, as described in clause A11.1.
Spouse	Where an Eligible Member has been accepted for cover under the Policy (and as therefore become a Member), the Spouse is the person nominated as the Member's spouse when the Spouse Option is elected in a Cover Application for that Member. The Spouse must be an Eligible Person on the Commencement Date relating to that Member's cover under the Policy, be a nominated reversionary beneficiary of the pension and meet the definition of "spouse" under superannuation legislation.
Spouse Option	An option to extend the term over which the Guaranteed Lifetime Income and other benefits are payable until the last to die of the Member and their Spouse.
Statutory Fund	A statutory fund that relates to the life insurance business of Macquarie Life and is maintained by Macquarie Life in accordance with the <i>Life Insurance Act 1995</i> .
Superannuation Fund	The superannuation fund named on the Cover Confirmation Statement.
Surrender Value	The amount Macquarie Life will pay if the Trustee terminates cover in respect of a Member calculated in accordance with clause A7.1.
Switch	An instruction by the Trustee to Macquarie Life to cancel units in one Investment Fund unit class and allocate the proceeds to units in a different Unit Class, as described in clause B7.2.
Switching Fee	A fee which Macquarie Life may charge in relation to a Switch in accordance with clause B7.5.
Tax or Taxes	All income, capital gains, any goods and services tax, value added tax, consumption tax or a similar tax or a tax on services, superannuation contributions, debits, land and other taxes, stamp, documentary, financial institutions, registration and other duties, excise and any other levies, imposts, deductions, surcharges and charges, related interest and penalties.
Tax Act	The <i>Income Tax Assessment Act 1997</i> , and the operative provisions of the <i>Income Tax Assessment Act 1936</i> , both as amended from time to time, and any successor legislation.

Total Deductions	(For the purposes of calculating the Estate Protection Benefit) The amount equalling the sum of all amounts withdrawn from a Member's Investment Account (excluding any Excess Withdrawals), and all fees deducted from the Member's Investment Account. For the avoidance of doubt, it does not include the Death Benefit.
Trustee	The trustee of the Superannuation Fund named as the policyholder in the Cover Confirmation Statement.
Unit Allocation Value	The Unit Value plus an amount determined by Macquarie Life not exceeding 5% of the Unit Value to cover Expenses referable to the purchase of assets in a unit linked Investment Fund.
Unit Cancellation Value	The Unit Value less an amount determined by Macquarie Life not exceeding 5% of the Unit Value to cover Expenses referable to the sale of assets sold in a unit linked Investment Fund to provide moneys for a withdrawal.
Unit Value	Value of units of a given class in a unit linked Investment Fund calculated in accordance with clause B1.2.
Upfront Fees	Any amount within the Initial Adviser Service Allowance instructed by the Trustee to be paid to the Trustee's adviser.