APPENDIX J:

GLOSSARY OF TERMS

Allocated Pension	A pension where the member has his own account against which pension payments are debited and to which any investment earnings are credited. The pension will continue until the death of the pensioner, or until the account is exhausted. Upon death, any balance remaining in the account is paid to a designated beneficiary as a (taxable) lump sum payment, or is applied to secure further pension payments to a surviving spouse.
Annuity	A regular periodic payment to a person (cf pension). Where weekly, fortnightly or monthly payments out of a superannuation fund are involved, the expression 'pension' is more commonly used.
Approved Deposit Fund (ADF)	A fund which has the purpose of holding lump sum superannuation benefits rolled over for the purpose of maintaining the concessional taxation treatment until the taxpayer attains preservation age.
Arms' Length	A term which refers to the relationship between the employer company and the members of a superannuation fund. If the members of the fund are employees of the sponsoring company, an arms' length fund is said to exist.

Maximum Deductible Contribution Limit (MDCL)	A rule which places a cap on the level of superannuation contributions which employers or members can make for employees. When this limit is exceeded, the fund is deemed to be non-complying and loses concessional tax status.
Marketable Securities	A marketable security is defined in section 1097(1) of the Corporations Law. It includes a share in or debenture of an eligible body. An eligible body is taken to include a company, body corporate (other than a company) or an unincorporated society association or body.
Pooled Superannuation Trust	A Pooled Superannuation Trust (PST) is a resident unit trust that is used for investing the assets of various superannuation funds, Approved Deposit Funds (ADFs), tax advantaged insurance funds of life insurance companies, tax advantaged business of registered organisations and tax exempt entities.
Portability	Allowing a superannuation plan to be transferred from one fund (or one employer) to another.
Preservation	Maintenance of a member's entitlements in a superannuation fund until a specified minimum age (usually at least 55 years).
Prudential Controls	The measures instituted to supervise and control activities in the superannuation industry to ensure the security of contributor's funds.
Public Offer Funds	A Public Offer Fund (POF), as defined in the SIS legislation, is a regulated superannuation fund that is not a standard employer sponsored fund, unless the ISC Commissioner has made a declaration under clause 18 (6) stating otherwise. In effect this means that a POF is any fund that is offered to the public through a registered prospectus.

Reasonable Benefits Limit (RBL)	The maximum limit on the amount a member can receive from superannuation, ADFs or DAFs, with preferential taxation treatment. The limit can be calculated from a member's highest average salary.
Repatriation of Surplus	The act of transferring surplus assets in a superannuation fund to the sponsoring employer.
Rollover Funds	The funds into which eligible termination payments are deposited when a person leaves or changes employment. These funds are preserved until retirement age is reached. Rollover funds receive concessional tax treatment in that the tax liability is deferred until retirement age.
Sector Trusts	Unit trusts that specialise in investments in specific asset classes. For example, property trusts, fixed interest trusts and cash trusts. These trusts have their own trust deed, trustee, custodian and manager.
Securities	Financial instruments which are evidence of debt or of property. Bonds, certificates of stock and shares are documents which indicate the existence of a security.
Superannuation Fund	A fund designed to produce retirement benefits for members. To attract tax concessions, it must have these characteristics: (a) be indefinitely continuing, and (b) be maintained solely for following purposes: provision of benefits for fund members, or for dependants of each member in the event of death, or any other purpose allowed by the Insurance and Superannuation Commission in writing.
Surplus	A position reached in a superannuation fund whereby the accrued earnings and contributions exceed the funds accumulated liabilities.

Trust	A fiduciary relationship in which one person (the trustee) holds the title to property for the benefit of another (the beneficiary).
Trust Deed	The legal document which appoints trustees and defines their power.
Trustee	A person, usually one of a body of persons, appointed to administer the affairs of a company, institution, etc, who holds the title to property for the benefit of another.
Unfunded Scheme	A superannuation scheme where the employer has not contributed to match liabilities, that is, benefits payable to members as they accrue. Instead, payments are made to members when they are due.
Undeducted Purchase Price	In relation to an annuity or superannuation pension, that portion of monies used to purchase the annuity or pension which has not been claimed as a deduction.
Vesting	Conferring on a superannuation fund member the ownership of all or part of the accrued benefit applicable to that member.