

# Guide to Hardship Relief Withdrawals for suspended funds

December 2010

The following guide to Hardship Relief withdrawal requests applies to the following funds:

1. OnePath's Mortgages and Income Plus funds
2. Challenger Howard Mortgages
3. AXA Australian Property fund

OnePath has obtained approval from ASIC to allow OnePath to consider withdrawals from OnePath's Mortgages and Income Plus funds, Challenger Howard Mortgages fund and AXA Australian Property fund available on OneAnswer, in certain specified circumstances of hardship. ASIC has approved 5 grounds on which the Responsible Entity of a suspended fund may consider releasing a limited amount of your investment in the fund. Those grounds are:

1. Severe financial hardship
2. Compassionate grounds
3. Permanent incapacity
4. Unemployment
5. Aged care

Satisfying one of these grounds will **not** automatically lead to a withdrawal being made. Even if you satisfy one of these hardship grounds, it may be that the Responsible Entity cannot approve a withdrawal. Before a withdrawal can be approved, the Responsible Entity must also be satisfied that following the withdrawal the relevant fund will have sufficient liquid assets for the day to day operation of the scheme.

Below is a summary of the criteria for hardship relief.

## What is severe financial hardship?

The criteria to be considered for a withdrawal payment on the grounds of severe financial hardship is that the amount of the withdrawal requested is needed to enable you to meet the reasonable and immediate living expenses for you or your dependants.

Generally speaking, this means you have no other assets or resources which could reasonably be used, in the foreseeable future, to cover the gap between your personal income and expenses associated with the basic necessities of everyday living. In most circumstances, these financial difficulties will be due to a significant reduction in income or increase in expenses.

ASIC have clarified that employment status may be considered when assessing a request under hardship grounds.

## What are compassionate grounds?

A withdrawal payment based on compassionate grounds may be considered where the amount requested is needed by you (or your dependant):

- (a) to help pay for medical costs (and transport costs) required to treat a life-threatening illness or injury, to alleviate acute or chronic pain, or to alleviate an acute or chronic mental disturbance where two registered medical practitioners (at least one of whom must be a specialist) have provided certified statements confirming the medical condition to this effect
- (b) to fund specific modifications (to a principal place of residence or vehicle) that are necessary to accommodate special needs arising from a severe disability
- (c) to assist with funeral and other expenses related to the death of the former member or a former dependant of the member
- (d) to enable the member to provide care for a person who is dying from a terminal illness; including home care
- (e) to prevent a member's mortgagee (lender) from selling the member's principal place of residence
- (f) to meet a binding financial obligation entered into by a member prior to the responsible entity suspending redemptions from the fund
- (g) to meet expenses in other cases consistent with grounds mentioned in (a) to (f).

## What are permanent incapacity grounds?

You will qualify for consideration of a withdrawal payment under the permanent incapacity grounds if you have access to no other investments available and have ceased gainful employment by reason of mental or physical ill-health and we are satisfied that you are unlikely ever again to engage in gainful employment of the type for which you are reasonably qualified by education, training or experience.

## What are unemployment grounds?

The criteria to be considered for a withdrawal payment on the grounds of unemployment is where the person has not been in gainful employment for a period of at least 3 months and has no other means of financial support (except government assistance, such as employment benefits).

## What are aged care grounds?

The criteria to be considered for a withdrawal payment on the grounds of aged care is that the amount of the withdrawal is needed to enable the person to make payments required to be made to secure, or remain in, aged care.

## How much can I receive?

You may make up to four hardship withdrawals a calendar year subject to an overall maximum withdrawal of \$100,000 in a calendar year. This amount of \$100,000 is applicable to withdrawal requests for severe financial hardship, compassionate grounds, permanent incapacity and

unemployment. On the grounds of aged care, you are eligible for an overall maximum withdrawal of \$300,000 in a calendar year, over four withdrawals. If the hardship withdrawal request is an aged care withdrawal request and where four hardship withdrawal requests, which were not aged care, have already been satisfied in the calendar year, you could be eligible for five hardship withdrawals for any member, instructor or beneficiary (as applicable) in any calendar year. Otherwise four hardship withdrawals for any member, instructor or beneficiary in any calendar year apply.

### What if I am an executor or administrator of the estate of a member of the Fund?

If you are not a member of the relevant suspended fund but are an executor or administrator of an estate of a member who is deceased, you may apply for hardship withdrawal where a beneficiary of the estate has experienced hardship or is likely to experience hardship if you are not allowed to withdraw from the relevant suspended fund. In this circumstance only you, as the executor or administrator of the member's estate may apply for hardship relief. In doing so, you will need to provide proof of your identity, proof that you were financially dependant on the member and appointment as executor or administrator by way of letters of administration (where no valid will exists) or grant of probate (where a valid will exists). You will also need to provide the relevant hardship details of the beneficiary.

### Any questions?

If you have any questions or require further assistance, please

- Contact your financial adviser
- Call our Customer Services on 133 665, weekdays between 8:30am and 6:30pm (Sydney time)
- Email us on [customer@onepath.com.au](mailto:customer@onepath.com.au).