




**Your
entitlements,
secured.**




Information Guide

Issued February 2025



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SECTION 1: **Welcome to NEST**



NEST's Chairman
David Oliver

David started his career as an apprentice Fitter and Turner which found him installing elevators in high-rise buildings around Sydney in the 1980s.

He has spent the last 30 years representing workers, campaigning for workers' rights and protection of entitlements in the manufacturing industry and more broadly as ACTU Secretary for 5 years. During that time David was a tireless advocate for the manufacturing industry, which saw him work closely with employers and governments.

David was one of the founding members of the National Entitlement Security Trust (NEST) and is pleased to be back as Chair.

From the Chairman

I have pleasure in introducing you to the National Entitlement Security Trust (NEST), a national industry trust established to secure employee entitlements while offering benefits to both employers and employees.

Employers participating in NEST enjoy the commercial benefits of immediate tax deductions on entitlements, predictable cash flows, reduced liability on their balance sheet, and regular investment income that can be used to fund future entitlement payments. They also build confidence and loyalty by providing complete security for their employees' entitlements.

As the nature of work evolves, with more flexibility and growth in the gig economy, NEST also ensures the portability of entitlements—giving employees greater security while helping employers attract and retain talent.

Thank you for your interest in NEST. Please do not hesitate to contact the friendly NEST team if you require any further information or assistance.

Sincerely,

David Oliver
Chairman

Important information

NEST (The National Entitlement Security Trust) is a national industry trust that has been established to hold employment entitlements on trust for employees nominated by their employers. This Information Guide (Guide) provides detailed information about the features, costs and benefits associated with participating in NEST.

This document is provided for general information purposes only and does not constitute financial advice. While all reasonable care has been taken in its preparation, no warranty is given as to its accuracy, completeness, or reliability.

The information contained in this Guide is accurate at the date of issue and subject to change without notice. To ensure you are reading the most current version, please visit www.nest.net.au or contact us.

Please note that, in this document, "we", "us", "our" and "Trustee" refers to NEST Nominees Pty Ltd who is the Trustee of NEST.

Contacting NEST

If you require assistance or advice regarding any aspect of NEST, then please contact us and ask to speak to one of NEST's authorised representatives.

Our contact details are:

NEST Nominees Pty Ltd (Trustee)
ACN 091 968 124

Level 26, Tower One,
International Towers Sydney,
Barangaroo NSW 2000
Locked Bag 5273, Sydney NSW 2001

Toll free: 1300 302 555
Telephone: 02 9376 7898

Email: nest@coverforce.com.au
Website: www.nest.net.au





SECTION 2: **About NEST**

Overview

The National Entitlement Security Trust (NEST) is a national industry trust established to safeguard the entitlements of employees determined under any employment agreement, award, or the National Employment Standards (NES). It is a not-for-profit trust open to employers in any industry.

Any type of non-superannuation entitlement covered by an employment agreement, award, or the NES can be paid into NEST, the most common of which are annual leave, long service leave, sick leave, severance, redundancy, and productivity payments. Government legislation prevents superannuation entitlements from being paid into NEST.

Whilst other employee entitlement trusts exist, they are generally restricted to specific industries and specific entitlement categories such as long service leave or redundancy. NEST is the first trust that accepts contributions for all types of non-superannuation entitlements across all Australian industries.

The table below illustrates the broad scope and flexibility of NEST.

Employee Entitlements	Entitlements types managed by various Industry Trusts			
	nest	Long Service Leave Trusts	Redundancy Trusts	Superannuation Trusts
Long Service Leave	✓	✓	✗	✗
Redundancy	✓	✗	✓	✗
Annual Leave	✓	✗	✗	✗
Annual Leave Loading	✓	✗	✗	✗
Sick Leave	✓	✗	✗	✗
Maternity Leave	✓	✗	✗	✗
Paternity Leave	✓	✗	✗	✗
Training Leave	✓	✗	✗	✗
Education Leave	✓	✗	✗	✗
Bonus Payments	✓	✗	✗	✗
Productivity Payments	✓	✗	✗	✗
Special Leave	✓	✗	✗	✗
Superannuation	✗	✗	✗	✓

► What are the benefits?

Employee entitlements represent a significant component of an employee's remuneration. For employers they represent a liability that must be reliably funded and paid out at some time in the future. Whilst entitlements accrue on an employer's balance sheet, employees are inadvertently exposed to, business risk.

In this regard employees seek tangible assurances that their entitlements are secure and most employers want to give these assurances. NEST provides the solution, with a structure for funding and securing employee entitlements that is independent and unexposed to business risk. NEST does this whilst providing mutual benefits to employers, employees, Government and the community.

Benefits for employers

NEST provides the commercial benefits of immediate tax deductions on entitlements along with annual investment income that can be used to subsidise future entitlement liabilities. In addition, an Employer can be assured that contributions made to NEST are FBT exempt as NEST is prescribed in legislation as a Federal Government approved Worker Entitlement Fund in accordance with the "Fringe Benefits Tax Assessment Act 1986" paragraph 58PB. By using NEST an employer can manage and predict cash flows relating to employee entitlements and remove the need for carrying related liabilities on their balance sheet.

No fees and charges are deducted from contributions or charged to employers or employees. Any costs associated with managing NEST are performance based (refer to the fees and charges section of this Guide for details). The table below demonstrates the commercial benefits of NEST; it provides a financial comparative analysis of a fictitious company's Profit and Loss using NEST and without using NEST.



Benefits for employers (cont.)

For employers of choice

Employees agree to sell their labour in return for wages and a number of statutory or agreed entitlements. The total of these represent an employee's minimum remuneration which must be paid regardless of any adverse or unforeseen business circumstances. Employers participating in NEST communicate acceptance of this obligation.

By simply securing employee entitlements into NEST, employers promote an organisational culture of trust and loyalty. NEST employers stand out as having integrity, sincerity and responsibility - making them an employer of choice.

Transparency and privacy

NEST is committed to its privacy principals whilst providing employers with easy access to all the necessary information to manage their NEST account. Every employer who joins NEST is provided with a user name and unique password to enable access to their account via the NEST website. NEST provides internet access to employers enabling them to view and retrieve information about NEST and their NEST account.

Benefits for the government and the community

NEST is a simple model that provides benefits for all stakeholders involved. In the event of insolvency, NEST ensures that employees receive their entitlement payments within days of the event. This speed of payment helps negate the need for affected employees to rely on welfare safety nets while looking for new employment.

This will result in a lower level of social security claims and taxpayer funding of employee entitlement liabilities, hence reducing the burden on taxpayers and the general community. In addition, NEST supports the Government's policy objective of improving and maintaining public confidence in the business sector resulting from responsible financial management and sound corporate governance practices.

Benefits for employees

Security

NEST gives employees absolute certainty that their entitlements are safe. Regardless of business risks, employees can rest assured that their benefits are protected, providing long-term peace of mind.

Speed of payment

If a business becomes insolvent, employees receive their entitlements from NEST within days—not months or years—ensuring financial support when they need it most.

Protection from receiver

Entitlements paid into NEST are expensed by employers and removed from their balance sheet. This means that in the event of insolvency, a receiver has no right to these funds. The receiver will only be entitled to receive any excess funds that remain after all employee entitlements have been paid.

Portability

Employees working across multiple employers—such as casuals or those in the gig economy—can have their entitlements secured in one place. This ensures their benefits remain portable, providing continuity and financial security regardless of where or how they work.

Transparency and Privacy

Each employee has a personal NEST account with full visibility of transactions. Secure online access ensures transparency while maintaining privacy.

Simple and convenient

NEST will not change the way employees claim their leave entitlements or the manner by which an employer manages their payroll. Employees can continue to claim entitlements directly from employers and NEST will reimburse employers for any leave paid to an employee that has been contributed into NEST. This means employees are not inconvenienced at the time of taking their leave.

How NEST works

Joining NEST

Joining NEST is easy.

There are three simple steps for Employers to join NEST:

Step 1

Complete and sign the Employer Application Form and the Deed of Adherence.

The Employer application form is available on our website www.nest.net.au or by contacting NEST.

Step 2

Provide NEST with details of your employees.

If you have under 5 employees you can provide this information on our Employer Application Form, however for companies with more than five employees we recommend completing your employee details in bulk in our **Employee Additions Template**.

This is an excel template that is linked to within our application form and also included on our website.

Step 3

Submit your form electronically or return all forms to via email to nest@coverforce.com.au.

Please ensure you complete all the sections in the form and provide all the information required.

Once the application is received and processed by NEST, the employer shall receive their first month's contribution statement which needs to be paid to complete the registration process. Employers and their employees will then receive written confirmation of their registration as NEST members as well as their personalised NEST ID number and internet access password.

If you have any difficulty in completing any of the above steps, please contact NEST for assistance.



Types of membership

There are two categories of membership: Termination Members and Genuine Redundancy Payment Members.

- ▶ **Termination Members** may claim lump sum termination payments after leaving their employer for any reason. These payments will be taxed as part of their assessable income.
- ▶ **Genuine Redundancy Members** may only claim if they leave due to genuine redundancy, retirement (after the legislated age), or death. Redundancy claims are tax-free up to the government's prescribed limit, with any excess taxed at concessional rates. Different tax treatments apply to payments made on retirement or death, and death benefits are paid to the employee's estate.

Not all employees are entitled to lump sum termination payments—eligibility depends on industry awards, enterprise agreements, or contracts.

Choosing your membership category

You must elect your membership category. If no election is made, you will automatically be a Termination Member. To become a Genuine Redundancy Member, you must submit a Genuine Redundancy Election Form before your role is made redundant. This election cannot be reversed once made.



Making contributions

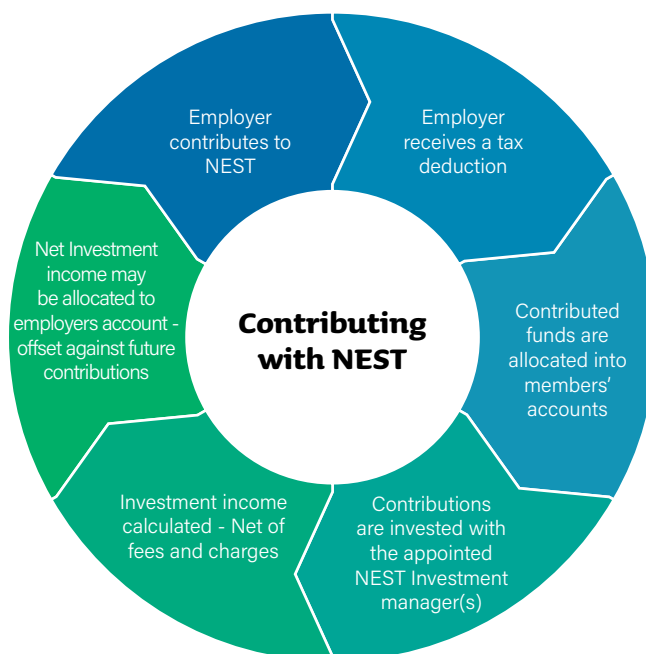
Contributing employers make monthly payments into NEST that represent the entitlements of their employees. These entitlements are held on trust until they become payable. Contributions to NEST are tax deductible and the equivalent amount of contributions paid can be removed from the employer's balance sheet liability at the time of payment.

Once an employer has paid their first contribution, the administrator will provide them with a monthly contribution statement. Monthly contributions will be equal to the previous month's contributions plus any adjustments made for:

- ◆ changes in employees – resulting from new employees, terminations or resignations;
- ◆ amendments to employees rates of pay or contract hours; and/or
- ◆ changes to entitlements.

NEST has been specifically structured for flexibility and therefore each employer account can be customised to suit the specific employment agreement(s) relating to each organisation.

A number of options exist for calculating contributions and making ongoing payments. More details of these options are outlined in Section 3 of this Guide.



Claiming

NEST offers flexibility in relation to claiming entitlements. Employers can choose from the following options:

Direct reimbursement to employer from fund

Employees continue to be paid their entitlements from employers when they fall due in the usual manner. Employers then claim reimbursement directly from the Trust not exceeding the value of contributions made on behalf of the employee for the type and period of leave taken. Employers must extinguish any existing equivalent entitlement liability from their balance sheet before claiming from NEST. Upon receipt of all requirements, reimbursement is made within two business days by EFT. Alternatively the claimed amount can be transferred into an Employers credit and be used to pay future contributions.

Simply complete a NEST claim notification on the NEST website.

Please note that in the case of employer insolvency, all entitlements held by NEST will be paid directly to the employee upon receiving notification of insolvency by the administrator.

Direct payment to employee from fund

Claims for employee entitlements are lodged by employers and paid directly to the employee by NEST. Employers must extinguish any existing equivalent entitlement liability from their balance sheet before claiming from NEST.

Claims for entitlements cannot exceed the amount contributed on behalf of any specific employee for the type and period of leave taken. Claims for entitlements are subjected to PAYE tax and will be paid net of tax. NEST will provide employees with group certificates at the end of each financial year.

To lodge a claim for entitlements, complete a Claim Form available from the NEST website or by contacting NEST. Claims for entitlements will be electronically transferred into an employee's account within one business day of NEST receiving a completed claim form.

To make a claim on a NEST account, employees simply complete a NEST Entitlement Claim Form and lodge it with their employer. The employer then validates the claim and sends it to NEST for payment.

Claiming from NEST: Employer Reimbursement

Employer contributes to NEST

Funds are held in trust and placed with an investments manager

Employee claims their entitlements from their employer in the usual manner

Employee is paid by their employer

Trust reimburses the employer for amount no greater than the total contribution received by NEST from the employer on behalf of the specified employee for the types and period of leave taken.

In the event of insolvency the Trust will pay the employee directly.

► How NEST is managed

The Trustee

The Trustee for NEST is NEST Nominees Pty Ltd (the Trustee) and it has a legal obligation to manage and administer NEST in accordance with the Trust Deed and the relevant laws.

The Trust Deed is a legally binding document that has been designed to provide employers and employees with security, integrity, fairness and flexibility. The Trust Deed can be downloaded from our website.

The trustee is a not-for-profit corporate trustee with equal representation, power and voting rights. NEST has an independent Chairperson, who does not vote on resolutions of the Trustee but has a casting vote in the event of deadlock.



Consistent with the Trust Deed, the Trustee's policy is to maintain the highest possible standards of corporate governance. Under the Trust Deed NEST Nominees is prevented from undertaking any activities other than acting as Trustee of NEST.



The administrator and investment manager

The National Entitlement Security Trust (NEST) is committed to providing secure and efficient management of employee entitlements. To deliver this service, the Trustee has appointed Coverforce Pty Limited ACN 067 079 261 (Coverforce) as the Administrator and Partnervest Pty Ltd ACN 683 034 693 (Partnervest) Corporate Authorised Representative of Industry Funds Services Limited ACN 007 016 195 AFSL 232514, as the Investment Manager.

Administrator - Coverforce

Coverforce is a leading administrator with over 20 years of experience managing industry funds. Holding Australian Financial Services Licence (AFSL) number 238874, Coverforce provides specialist administration services to NEST, ensuring the secure and efficient handling of employer and employee entitlements.

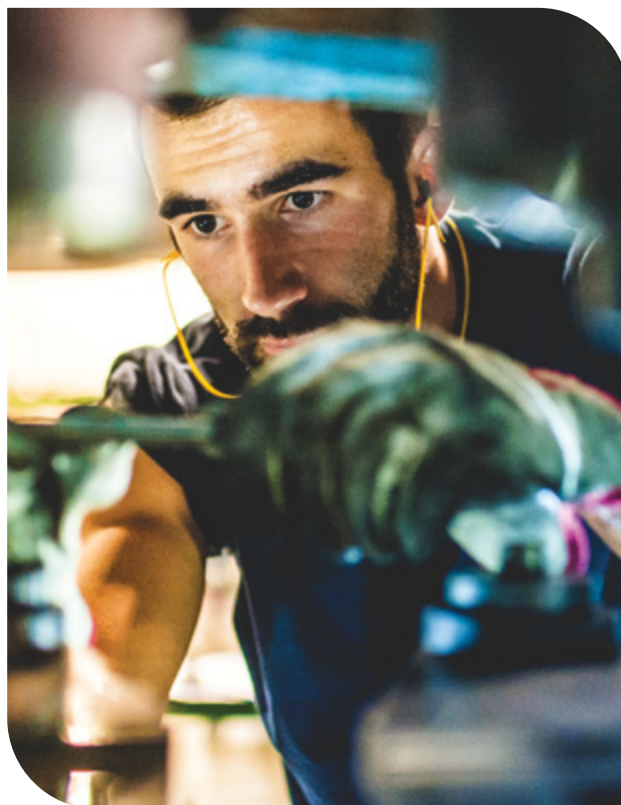
As the Administrator, Coverforce is responsible for:

- ▶ Registering Participating Employers and their employees.
- ▶ Managing the collection, allocation, and distribution of entitlements.
- ▶ Processing claims and administering the ongoing claims process.
- ▶ Maintaining and enhancing the technology that facilitates NEST's administration.
- ▶ Assisting employers and members with enquiries and support.

Investment Manager - Partnervest

Partnervest is a globally recognised investment management firm with decades of experience in asset management. Appointed as the Investment Manager for NEST, Partnervest is responsible for overseeing the investment of pooled funds in accordance with the Trustee's strict guidelines.

The firm's expertise ensures that NEST investments adhere to the highest standards of security and credit quality. Partnervest's approach prioritises capital preservation while delivering stable and competitive returns, aligning with NEST's objective of protecting employee entitlements and supporting long-term financial sustainability.



Investment approach

NEST funds are securely invested following the Trustee's guidelines, as outlined in the NEST Trust Deed. These guidelines prioritise capital security and require all investments to maintain an independent credit rating of 'A' or better from a recognised rating agency.

Key investment principles include:

- ▶ Protection of original capital (employee entitlement contributions) from capital loss.
- ▶ Regular distribution of net income earned, which can be used as a credit against future employer contributions.
- ▶ Investments only in institutions meeting the stringent criteria set out in the Trust Deed.

This structured approach ensures the safety of employee entitlements while providing potential long-term savings for NEST participants through self-funded entitlements obligations.

Fees and charges

No fees and charges are deducted from employer contributions, protecting the trust's capital from erosion. Furthermore NEST does not charge employers or employees any fees or expenses of any type, however, employers are liable for any applicable stamp duty or taxes.

All expenses associated with the administration and operations of NEST are paid solely from administration fees. Administration fees are deducted only from investment income. The following checklist shows NEST's efficient cost structure.

Checklist Of Direct Fees And Charges

Question	Answer	How much and when is it paid?
Is there an establishment fee to set up a NEST account?	No	N/A
Is there a contribution fee for my initial contribution or any subsequent contribution made to NEST?	No	N/A
Will a withdrawal fee for any withdrawal be made from the fund?	No	N/A
Is a termination fee payable when my NEST account is closed?	No	N/A
Will I have to pay an adviser service fee of any type if advice or assistance is required from a NEST representative?	No	N/A
Will employees be charged member fees or account keeping fees of any description for either active or inactive accounts?	No	N/A
Will I or my employees be charged any ongoing fees for fund administration, Trustee expenses, Trustee committees, investment management, indirect expenses, expense recovery and any other fees that may be charged; other than the administration fee described in the checklist of indirect fees and charges below?	No	N/A

Checklist Of Indirect Fees And Charges

Question	Answer	How much and when is it paid?
Does the fund administrator receive an administration fee for the general administration of the fund?	Yes	The fund administrator receives administration fees. These fees are calculated depending on the number of current members, in accordance with its contract with NEST Nominees Pty Ltd as Trustee of the National Entitlement Security Trust.
Do employers or employees pay investment management fees or investment advisor fees?	No	All investment management fees and investment advisor fees are included in the administration fee above.
Do employers or employees pay expense recoveries for the out-of-pocket expenses the trustee is entitled to recover from the fund?	No	All expense recoveries are included in the administration fee above.

Additional Fee Disclosures

Government charges

Government taxes such as GST will be charged to the fund. GST of 10% is applied to administration fees. The Government allows that up to one hundred percent 100% of GST paid by NEST can be claimed back. This is claimed by NEST and redistributed as trust income to NEST beneficiaries annually.

Commissions and benefits

NEST does not pay any commissions to third parties or provide any soft dollar benefits to any person or organisation.

How NEST communicates with you

NEST is committed to keeping employers and members fully informed about their fund. Our regular communication takes the following form:



Employee statements

Every six months, active employee members will receive NEST statements showing the financial year to date transactions.

These statements show account and entitlement balances, the date(s) contributions were received and allocated and the dates any claims against a members account were made.

Members can login and download statements 24/7 via the NEST website.

Employer statements

Every month, NEST sends employers a Contribution Statement. When employers claim from the fund they will receive a detailed claim advice. When trust income is paid to an employers account they will receive a trust distribution advice.

Employers can track their account activity and download various reports and statements at all times on the internet.

General Communication

From time to time NEST may communicate by post, email, publication in the national or local paper, on our website or by any other means permitted by law to inform members and employers of relevant events or developments.

Notwithstanding the above, employers and members with specific enquiries should feel free in contacting NEST who will be delighted to assist.

Please inform NEST immediately if there are any changes of addresses, business name, the nature of business, contact information or any changes relevant to Employment agreement(s).



SECTION 3:

Further information for employers

► Information regarding contributions



Contributing to NEST could not be simpler. NEST offers flexible methods for calculating and paying contributions. The following section lists the options available for employers contributing into NEST.

Calculating contributions

NEST does not determine the level and extent of contributions – contributions are calculated in accordance with the rates of pay, ordinary hours and leave entitlements contained in the Employment Agreement pertaining to that business or operation. In accordance with these parameters NEST offers various payment options for employers to contribute entitlements into NEST.

Method 1: Term transfer (transferring entitlement liability over nominated time period)

This option understands that employers may not wish to transfer the whole of their employee entitlement liability into NEST at once. Employers nominate a term that meets their financial objectives e.g. 12 months. NEST then calculates a monthly contribution based on that term. Example the first contribution in a 24 month term would equal $1/24 \times$ the total current leave liability; the second contribution would be $2/24 \times$ the total current liability.

In this regard, each month an employer simply sends us a current leave liability report for their organisation (which in most cases is easily accessible via the employer's payroll system). NEST will then reconcile each employee's NEST member account to the Leave Liability Report provided and calculate a monthly repayment based on the employers nominated transfer term. NEST then sends the employer a Contribution Statement and all the employers need do, is make payment.

Method 2: Immediate transfer (transferring entire entitlement liability at once)

This method suits employers who wish to transfer all currently accrued entitlements into NEST in one easy transaction. Employers who use this option often make a one off payment representing the existing liability on their Balance Sheet and then continue monthly contributions into the future representing new accruals.

Simply send a Leave Liability Report with the payment representing the total liability and NEST will establish a Member Account for each employee. Then all that is required is the ongoing monthly contribution payments of newly accrued entitlements as reported within future leave liability reports.

Method 3: Paying only future entitlement accruals from an agreed start date

This option requires that an employer pays all future employee entitlement accruals into NEST but any existing liability remains in the employers balance sheet. Any leave taken by employees is funded from the employer's balance sheet provision for the specific employee and type of leave taken before claiming from NEST.

NEST contributions under this method are calculated using the relevant accrual rates for each type of entitlement. For instance, if ABC Pty Ltd accrues long service leave at 2.5% of ordinary wages their NEST contribution will be calculated in the same manner. A current leave liability report also needs to be provided with the payment of a monthly contribution.

Whichever method is chosen, NEST will work with you to make it as easy as possible. Please contact NEST for more information on any of these methods.

Completing ongoing contributions statements

NEST sends all Employers a monthly Contribution Statement based on the previous month's contributions and any known adjustments. You can make further adjustments on the form itself. Adjustments include:

- ▶ addition of new employees;
- ▶ termination or resignation of existing employees;
- ▶ varying employee entitlements or pay rates; or
- ▶ amending member details.

Alternatively you can simply send us your current Leave Liability Report and we will make all the adjustments for you. Once the adjustments are complete we will then send you an updated Contribution Statement reflecting the outstanding liability (as per the leave liability report and your chosen payment method)

Once all adjustments are complete all you need to do is submit the payment. Contributions to NEST are paid in arrears and are due within seven calendar days from the end of each monthly period.

Taxation

NEST has applied for and holds a number of important taxation rulings. These rulings provide benefits to employers, employees and the NEST fund:



Ruling Type	Issued by	Description
Class ruling 2004/40 Tax deductibility	Australian Taxation Office	That employer contributions into NEST are tax deductible at the time the contributions are made.
Class ruling 2004/49 Member payments	Australian Taxation Office	Payments directly from NEST to an employee retain the same concessional treatment as if NEST was the employer.
Private Ruling 38224 Contributions are not income	Australian Taxation Office	That the Trustee of NEST is not assessable under the "Income Tax Assessment Act 1997" on employer contributions made to the fund.
Legislative Fringe benefits tax	Commonwealth of Australia	That NEST is prescribed in legislation as an approved Worker Entitlement Fund (WEF) and as a result employers will not be liable for FBT on contributions paid into NEST.
Legislative GST	Commonwealth of Australia	That contributions for employee entitlements are categorised as salary and wages and as such are GST exempt.

Contributions are tax deductible

Under existing laws, employers are required to pay or accrue provisions for employee entitlements in accordance with their relevant Employment agreement. Currently under the Income Tax Assessment Act 1997 (ITAA 97) s26-10, the employer only receives a tax deduction once the employee's entitlements are paid to the individual to whom it relates in the income year of payment.

NEST holds Class Ruling (CR 2004/40) with the Australian Taxation Office (ATO) which enables participating employers to claim a deduction under the Income Tax Assessment Act 1997 (ITAA) S8-1 for the amount of the contribution to NEST. This means that any employee entitlements contributed to NEST, as required by an Employment Agreement, are tax deductible at the time that it is paid into NEST.

Member payments have concessional treatment

NEST holds Class Ruling (CR 2004/49) with the Australian Taxation Office which states; where an employee member of NEST receives a payment of employee entitlements directly from NEST, then that payment may receive concessional taxation treatment, in the same manner applicable, had the payment been made by the employer to the employee.

This means that no employee member of NEST will be disadvantaged when paid their entitlements directly from NEST. Regardless of the type of employee entitlement paid the employee will receive the exact same amount after tax that would have been received had the employer made the payment to the employee.

Contributions are not assessable as trust income

NEST holds Private Ruling Authorisation Number (38224) which states; NEST is not assessable under section 6-5 of the "Income Tax Assessment Act 1997" on the employer contributions made to the fund.

This means that contributions made by employers into NEST, representing employee entitlement accruals for the capital of the NEST trust and will not be taxed as income to the fund. This private ruling ensures that both employers and employees are protected from having employee entitlement contributions diluted by tax.



Contributions do not attract fringe benefits tax

NEST is prescribed in legislation under the "Fringe Benefits Tax Assessment Act 1986" (s58PB) as an approved worker entitlement fund. This means that contributions representing employee entitlements that are paid into NEST will not create a fringe benefit tax liability to the employer or employee.

Contributions do not attract GST

Employers making contributions into NEST will not be charged GST on these payments. This is in accordance with the GST Act (A New Tax System (Goods and Services Tax) Act 1999), which states that salaries and wages are GST exempt. NEST contributions represent salaries and wages and are therefore GST exempt.

Genuine Redundancy Payment Members receive additional concessional treatment

Members that elect to be Genuine Redundancy Payment Members will receive additional concessional tax treatment on amounts paid under their claim in the event their employment is terminated due to redundancy. This concessional tax treatment allows Genuine Redundancy Payment Members to receive their payment on a tax-free basis up to the limit set by the Australian Taxation Office, which may be subject to review.

Currently (for Financial Year 2018/19), the tax-free limit is the amount of \$10,399 plus \$5,200 multiplied by the number of complete years of service of the employee. For example, if you retired from your employment after 10 years, you would be entitled to receive your payment tax-free up to \$62,399.

Once the tax-free limit is exceeded, the balance of the amount paid will be subject to the same concessional tax rate as Termination Members, as discussed above.

► Other taxation matters

GST on administration fees

GST does apply to administration fees charged to the trust. The government however allows up to 75% of GST charged to the fund to be reclaimed. NEST claims GST paid by the trust and distributes it to the beneficiaries annually.

Tax file numbers

Where employee Tax File Numbers are not provided and where applicable; NEST must deduct tax from payments made to employees at the highest marginal tax rate. This usually occurs where an employee receives a trust distribution or interest payment.



State taxes and levies

NEST does not change the way an employer administers state taxes and/or levies such as payroll tax and workers compensation premiums. Employers can continue to run these obligations through their normal payroll process.



Frequently asked questions

Why have a trust for entitlements?

To protect employee entitlements. If employee entitlements are placed within a trust, they are secure regardless of the financial circumstances of the employer.

What is NEST?

NEST is a national industry trust fund that is designed specifically to protect employees' entitlements as they accrue. It is a not for profit trust open to employers in any industry.

How does NEST work?

Employers pay monthly contributions into NEST representing the entitlements of their employees. These entitlements are held on trust until they become payable. Contributions are pooled and then invested.

Employees continue to be paid their entitlements from employers when they fall due in the normal manner, with employers claiming any entitlement accrued directly from NEST. Alternatively arrangements can be made for entitlements to be paid directly from NEST to the employee.

In the event of insolvency NEST pays all the due entitlements in the Trust directly to the employee.

Who controls NEST?

The Trustee controls NEST who is NEST Nominees Pty Ltd.

What fees and charges are involved?

There are no direct costs to employers or employees; however the Trustee makes a deduction from investment income earned by NEST to cover all administrative costs.

Are entitlement funds safe if the company is sold?

In many situations, when a business is sold the new owner cannot or will not guarantee the entitlements of the employees that accrue prior to the transfer of the business. Entitlements within NEST remain protected on change of ownership.



Where do my contributions go?

Contributions are pooled and invested in high credit rated funds. These funds must be 'A' rated or better by a recognised credit agency to ensure their security.

Can accrued entitlements be transferred into NEST?

Yes, with the exception of superannuation and subject to the relevant Employment Agreements you are able to transfer any entitlement into NEST.

Can an employee elect to keep their entitlements in NEST when leaving or changing employers?

Yes. If an employee has unclaimed entitlements in NEST after leaving an employer, they can choose to keep them in their account. These entitlements will continue to accrue investment returns and can be claimed at any time.

What happens to members' entitlements when they change employers?

If the new employer is a NEST member, their entitlements will continue to be credited to NEST.

If the new employer is not a NEST member, the employee's entitlements will remain in their NEST account until they either claim them or move to another NEST member employer. While held in NEST, these entitlements will continue to accrue investment returns.

Any entitlements held on an employees behalf will accrue investment returns

▶ Assistance and advice

At NEST we strive to provide our customers with exceptional service.

If you require any assistance or advice please do not hesitate in contacting NEST where we will place you in touch with one of our authorised representatives.

You can contact NEST using these details:

The Trustee
National Entitlement Security Trust

Locked Bag 5273
SYDNEY NSW 2001

Toll free: 1300 302 555
Telephone: 02 8275 8555

Email: nest@coverforce.com.au

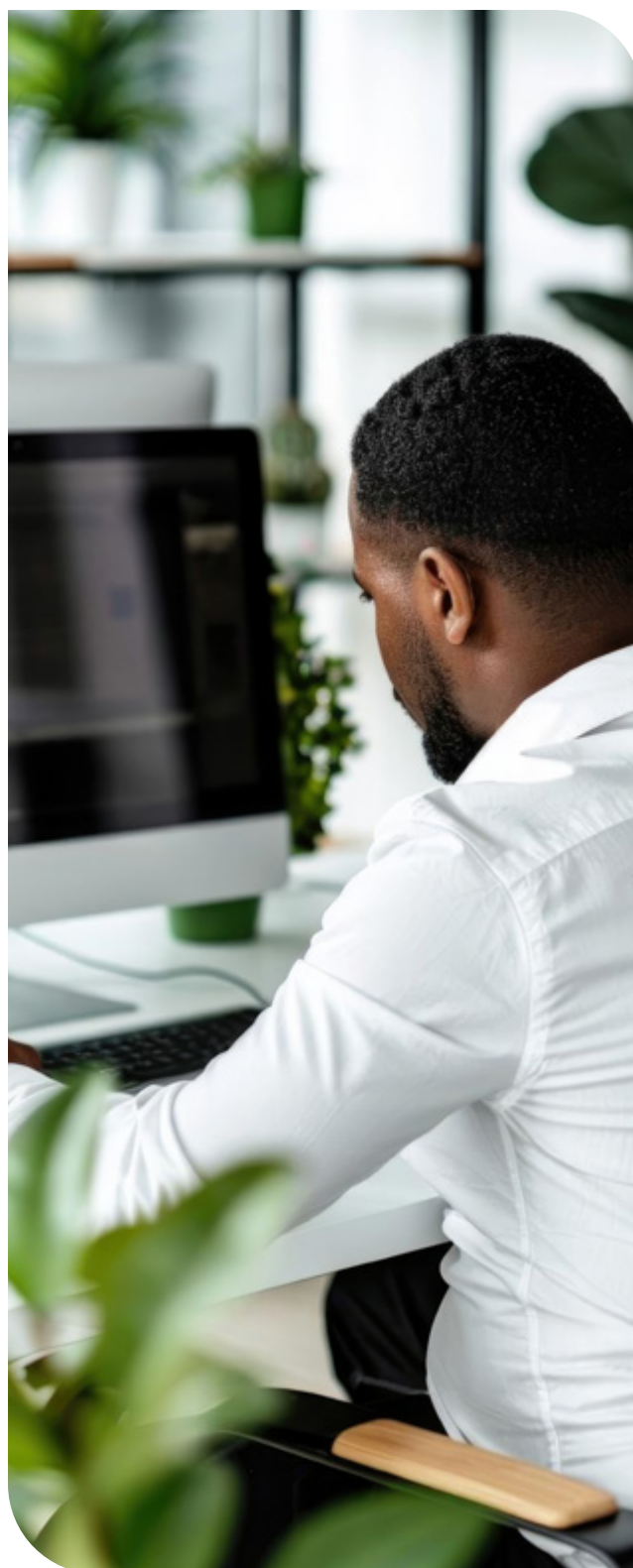
▶ NEST website



www.nest.net.au

Further information about NEST is available on the NEST website. When checking the NEST website you may wish to check the online document register to ensure you have the most current version of this Guide. The NEST website will also provide updated information on:

- the Trustee Board of Directors;
- the current investment manager(s);
- our trust deed;
- our tax rulings; and
- news items.



Privacy policy

NEST is committed to ensuring the confidentiality and security of employers and member's personal information. This policy provides information and outlines the requirements of the Privacy Act 1988 for the collection, handling, use, disclosure and protection of members' personal information.

What is personal information?

The Privacy Act applies to the collection, use, and disclosure and storage of an individual's personal information. Under the Privacy Act, personal information means any information related to an individual, which is held in a record by an organisation such as NEST from which the identity of the individual can be ascertained.

How and why do we collect your personal information?

The collection of information can be via our offices or our website, www.nest.net.au, when an application form for NEST is submitted. We collect such information as is necessary for us to process an application for NEST and to manage and administer NEST. If we are not provided with the requested information, we may not be able to process or assess applications for NEST products or services.

We ordinarily do not collect personal information without the consent of our clients. Our principles when handling your personal information are:

- ▶ We only collect personal information that is necessary for administering NEST.
- ▶ We only use and disclose personal information for the primary purpose for which it was collected.
- ▶ We ensure the individual is aware of the purpose for which the information is being collected.
- ▶ If we are disclosing information to a third party, we must inform the individual and receive their consent.
- ▶ We collect and use personal information for a number of purposes such as:
 - providing our services;
 - account management and billing;
 - internal business operation such as planning, product development, research, and reporting;
 - advising members of function/product launches.

We may provide direct marketing offers of products and services by either us, or other organisations associated with us, whom we consider, may be of interest to you.

Customer Surveys

We may also collect your personal information through customer surveys or questionnaires for the purpose of obtaining your feedback on our products and services and providing further information to you about various products or services. In this case, the completion of the questionnaire is entirely your choice and we will inform you of the purpose of the survey or questionnaire. The collection of such information will only occur with your consent. Survey information assists us in understanding your needs with our products and services and in the development of future products and services.

Receiving information about our products and services

We may send you information about our products and services from time to time via direct marketing or our website, www.nest.net.au. You may notify us of your decision to stop receiving such information by contacting NEST directly.

Changes to this policy

NEST continually strives to improve the standard of service we provide to you, the policy may be updated in the future.

If you wish to obtain a further copy of this policy please contact NEST or download the policy from our website, www.nest.net.au.

How to contact NEST about privacy

NEST is committed to resolving your privacy queries as quickly as possible and has procedures in place to help resolve any problems or complaints efficiently. Our aim is to assist you by reaching a satisfactory solution as soon as possible.

If you wish to update your personal information (e.g. change of address) or update your records please contact us on the below details:

The Trustee National Entitlement Security Trust

Locked Bag 5273
SYDNEY NSW 2001

Toll free: 1300 302 555

Telephone: 02 8275 8555

Email: nest@coverforce.com.au

Glossary

Approved Worker Entitlement Fund has the meaning given in section 58PB of the Fringe Benefits Tax Assessment Act 1986.

Award means a document endorsed by an Industrial Authority as the source of employment conditions in an Industry.

Benefit means any amount payable by the Trustee out of a Member Account to or in respect of a Member.

Board of Directors means the board of directors of the Trustee.

Contribution means a payment to the Fund either by an Employer or a Member in accordance with the provisions of the Trust Deed.

Deed means the NEST Trust Deed as amended altered, modified or varied from time to time.

Deed of Adherence means the document set out in schedule 1 of the NEST Trust Deed.

Employee means a person who is nominated by an Employer to the Trustee in writing as eligible to be a Member.

Employee Entitlements means any dollar amount payable to a Member under an Industrial Agreement to which that Member has a right and which is identified as such in the Industrial Agreement including the following entitlements:

- a. annual leave and annual leave loading;
- b. sick leave;
- c. long service leave;
- d. redundancy;
- e. severance; or
- f. any other amount from time to time payable by an Employer to a Member accepted by the Trustee.

Employer means an employer required to pay Contributions in respect of its Employees and includes a contractor of labour and who or which is admitted as a participant in the Fund in accordance with the provisions of clause 10 of the Trust Deed and who has not ceased to be an Employer.

Employer Application means the document set out in schedule 1 of the Trust Deed.

Employer Organisation means:

- a. an employer organisation which is accepted by the Trustee as an Employer Organisation;
- b. any other employer organisation which by reason of the re-organisation or amalgamation of an Employer Organisation is the successor in whole or in part of that Employer Organisation; and
- c. any Federally/State registered counterpart of an Employer Organisation provided the Federally registered counterpart is only an Employer Organisation if both the State and Federal counterparts confirm this in writing to the Trustee and then the Federally registered body is an Employer Organisation to the exclusion of (and not in addition to) its State registered counterpart.

Equal Representation means the requirement that the shareholders and Board of Directors of the Trustee, which is a corporation, must consist of representatives from Employer Organisations and Unions, in accordance with the constitution of the Trustee.

Fund means all money, investments and property paid, transferred to or accepted by the Trustee pursuant to the Trust Deed, all accretions and additions thereto, and all accumulations of income, investments and property from time to time representing such money, investments, property, accretion and additions.

Fund Administrator means the person, organisation, firm or company appointed as administrator under the Trust Deed. This is currently Coverforce Pty Limited ACN 067 079 261.

Income Beneficiaries means any of the Discretionary Beneficiaries.

Independent Chairperson means a person that is appointed by the Trustee's Board of Directors, is a person of public standing, and does not hold an official position within either an Employer Organisation or a Union at the time of its appointment.

Industrial Agreement means an agreement:

- a. between an Employer or an employer association and a union of employees; or
- b. between an Employer and its Employees; or
- c. an Award, whether or not it has been certified by, approved by or registered with an Industrial Authority.

Industrial Authority means the Australian Industrial Relations Commission or its successor and any person with power to certify, approve or register an Industrial Agreement.

Industry means all sectors of commerce and industry.

Member means an Employee who has been accepted by the Trustee as a Member.

Member Account or Member's Account means an account established pursuant to clause 7.10 of the Trust Deed and a Member may have more than one account.

Minimum Contribution means the Member's contribution rate specified in an Industrial Agreement, which applies in respect of the Member's Employee Entitlements.

Net Income means the amount calculated as the Net Income of the Fund for an Accounting Period in accordance with section 95(1) of the Income Tax Assessment Act 1936 unless the Trustee determines in respect of any Accounting Period that Net Income for that Accounting Period means the income of the Fund calculated in accordance with established accounting principles and trust law.

National Employment Standards (NES)

The NES are a set of 11 minimum employment entitlements that apply to all employees covered by the national workplace relations system in Australia. These standards include rights such as maximum weekly hours, leave entitlements, notice of termination, and redundancy pay. The NES apply regardless of any award, agreement, or employment contract, ensuring a baseline level of protection for employees.

Objectives means:

- a. the funding and protection of entitlements pursuant to obligations by Employers under an Industrial Agreement to pay Employee Entitlements to Members; and
- b. making payments, where found appropriate, in terms of clause 25.1.

Online Information means information that is available electronically through the Internet or similar electronic medium.

Relevant Industrial Agreement means an:

- a. Industrial Agreement; or
- b. Industrial Agreement for a particular Employer that specifically stipulates payments, in relation to an Employee's Employee Entitlements and for the purpose of the Objectives of the NEST Trust Deed, to go into the Fund.

Relevant Service means, in respect of a Member, service by that Member for or on behalf of an Employer.

State means a State or Territory of Australia.

Terms of the relevant Industrial Agreement means the terms relating to the operation of laws binding on the discretion of the Trustee and those aspects of the relevant Industrial Agreement that establish Employee Entitlements, so far as they exist between an Employer and an Employee.

Terms of the relevant Award means the terms relating to the operation of laws binding on the discretion of the Trustee and those aspects of an Award that establish Employee Entitlements, so far as they exist between an Employer and an Employee.

Trustee means the trustee for the time being of the Fund.

Website means the website established on the internet by the Fund Administrator.

Securing your future, together.

NEST Nominees Pty Ltd (Trustee)
ACN 091 968 124

Level 26, Tower One,
International Towers Sydney,
Barangaroo NSW 2000
Locked Bag 5273, Sydney NSW 2001

Toll free: 1300 302 555
Telephone: 02 9376 7898

Email: nest@coverforce.com.au
Website: www.nest.net.au

