

Account-Based Pension Plan

The Local Government Super Account-Based Pension Plan is designed for members who wish to invest all or part of their Local Government Super benefit or other superannuation monies (if eligible under tax and superannuation laws) to produce a tax-effective income stream.

Advantages

- No entry or exit fees
- No contribution fees
- No withdrawal fees
- No switching fees
- Competitive ongoing management fee
- Selection of investment options
- Investment earnings are Australian tax-free
- Flexible income levels
- The option for pension payments to be received monthly, quarterly, half yearly or annually
- The balance of the Account-Based Pension may be commuted or paid out as a lump sum at any time*
- Quarterly member account statements are issued.

Who is eligible to join?

Members, eligible spouses and former members of Local Government Super are able to establish an Account-Based Pension Plan if they:

- Have unrestricted non-preserved superannuation monies (usually due to having reached preservation age[^] and having ceased employment)
- Have attained preservation age and are eligible to take advantage of 'Transition to Retirement' provisions (see page 2)
- Have ceased employment and are aged 60 or over
- Have attained age 65 (regardless of employment status)
- Are totally and permanently incapacitated (at any age).

* Those members subject to the transition to retirement provisions will need to satisfy a condition of release before accessing any preserved component of their balance.

[^] The preservation age is 55 for persons born before 1 July 1960 and increases in yearly steps to become 60 for those born after 30 June 1964.

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Contributions and withdrawals

- The minimum initial investment is \$25,000
- Any additional investment after the initial contribution will require a separate pension account to be established
- The minimum withdrawal amount (commutation) is \$2,000 or the remaining balance of your account, if the balance following the withdrawal will be less than \$2,000.

Account value

The value of the account is expressed in terms of units. The number of units purchased depends on the unit price calculated for your selected investment option on the day your application is received and the amount invested. Each investment option within the Account-Based Pension Plan will have a different unit price, as the price reflects the value of the underlying assets of the investment option after tax, fees and expenses.

Investment options

The Account-Based Pension Plan offers a choice of five investment options that can be used individually or in combination to create an individual investment portfolio to best suit your needs.

The options are:

- High Growth
- Balanced Growth
- Balanced
- Conservative
- Cash

Through the use of the “manager of managers” approach, the Plan has a number of different fund managers managing portions of the money. This approach helps to reduce investment risk as the effect of any negative returns obtained by one fund manager may be offset by any positive returns of the other fund managers. This strategy provides the potential for stronger investment performance with reduced investment risk.

This of course does not guarantee that your account balance will never reduce due to poor investment returns, and the value of your investments may rise or fall.

Transition to retirement

Upon reaching your preservation age, you are able to access your super through a ‘non-commutable’ income stream. Broadly speaking, this means you won’t be able to cash it out as a lump sum, except in limited circumstances. This ‘transition to retirement’ measure is available through the Account-Based Pension Plan.

A transition to retirement pension allows you to access your super by receiving a pension of up to 10% p.a of the value of your account as at 1 July in the year the pension payments are made, while you are still working.

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Taxation**

No tax is payable on amounts which are rolled over to commence an Account-Based Pension Plan, except where that amount includes an untaxed element. This untaxed element is subject to tax at a rate of 15% upon receipt.

Pension payments are tax free if you are aged 60 and over. They are taxed on a Pay-As-You-Go (PAYG) basis if you are under age 60. Part of the pension payments may be tax free and you may also be eligible for a 15% tax rebate on part or all of the payments. In either case, no Australian tax is payable on investment earnings.

Lump sum withdrawals (commutations) from the Account-Based Pension Plan may be subject to tax for those under age 60. The rates depend on your age (under or over preservation age), the amount and the taxation components of the amount withdrawn.

The Trustee is required by law to pay the taxes referred to above and it deducts these amounts from each pension payment or amount withdrawn.

Need further information?

If you would like further information or the address of your local branch, please visit our website at www.lgsuper.com.au or contact Member Services on **1300 369 901** between 8:30am and 5pm on any business day.

** This tax information represents the Trustee's understanding of the laws that were current at 1 July 2010. We recommend that you seek professional taxation advice.