Supplementary Product Disclosure Statement (SPDS)

Rollover and Account-Based Pension Plan Product Disclosure Statement (PDS) dated 1 March 2011

LOCAL GOVERNMENT SUPER

What is the purpose of this SPDS?

The purpose of this SPDS is to provide current and prospective members of the Local Government Super (LGS) Rollover and Account-Based Pension Plans with details of the new 12 month fixed term investment option.

How does the new fixed term investment option work?

The fixed term investment option is similar to a term deposit offered by banks. The option will provide you with a pre-determined rate of return for the 12 month term, which means you will have certainty about the return you will receive if you choose to invest in this option and hold the investment for the full 12 month term. LGS will select the provider from a panel of financial institutions with a satisfactory credit rating.

As the investment is for a fixed, 12 month term, you cannot draw pension payments from this option.

What are the benefits of the fixed term investment option?

This investment option gives you the security of a term deposit at a competitive rate, the certainty of guaranteed returns plus all the tax advantages of investing in the superannuation environment.

With a known rate of return, you don't need to worry about unpredictable market conditions.

When will I know what the rate of return will be?

Interest rates can change quite rapidly, so it is not possible to provide you with the actual rate of return until 1–2 weeks prior to the commencement of the term.

However, LGS anticipates that the actual investment return for the fixed term investment option will be between 4.6%–5.2% p.a.* net of management fees which are outlined on page 5.

Please note that the actual investment return will differ between Account-Based Pension Plan members and Rollover Plan members, because of the different taxation treatment between the two plans.

*Note that this is only an indicative rate and may change prior to the actual rate being advised.

How much can I invest in the fixed term investment option?

Minimum investment amount

The standard minimum investment rules apply. For members of the Rollover Plan the minimum is $2,000. For members of the Account-Based Pension Plan the minimum is $25,000.

Maximum investment amount

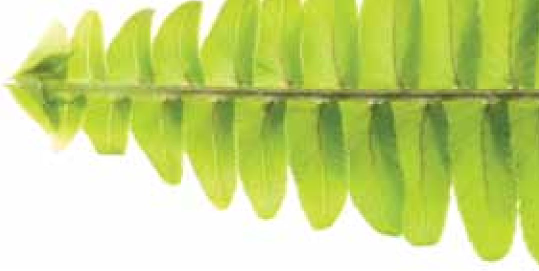
Members of the Account-Based Pension Plan can invest up to a maximum of 85% of their account balance in the fixed term investment option. Therefore, they must have at least one other investment option from which they withdraw their pension payments.

Members of the Rollover Plan can invest up to a maximum of 95% of their account balance in the fixed term investment option.

When does the new fixed term investment option become available and how can I invest in it?

The initial 12 month fixed term investment option commences on 1 December 2011.

Before you make any decision to invest in this option you should carefully read all the information contained in this SPDS together with your PDS. If you decide to invest in this option you must complete and return the enclosed application form to us, and we must receive it no later than 8 November 2011.



After we receive your application form, we will write to you to confirm receipt. If your application form is incomplete or invalid, we will contact you.

After the investment occurs, we will write to you confirming the amount of your investment, the number of units transferred from your previous investment strategy and the actual rate of return you will receive.

The actual rate of return will also be published on our website 1-2 weeks prior to the commencement of the term.

If we do not receive a valid application form by 8 November 2011, then you will be unable to participate in the initial investment and you will need to wait until the next fixed term investment becomes available in 2012.

Please note that you cannot apply for the fixed term investment option using the online investment switching facilities.

If you nominate an amount or percentage of your benefit to be invested in the fixed term investment option that is outside either the maximum or minimum requirements for investing in either this option, the Rollover Plan or the Account-Based Pension Plan, then we will adjust your application to meet requirements. The adjustment to your account in this circumstance will be made on a hierarchy basis starting from your current most conservative option.

If I have applied to invest in the fixed term investment option, can I opt out prior to the term starting?

Yes, however any election to opt out must be in writing and we must receive it no later than 5pm AEDST on 18 November 2011.

When is the fixed term interest payable?

Interest is allocated on maturity of the 12 month period. However, if the investment is withdrawn early (only in certain limited circumstances as outlined below) then there may be penalties (also outlined below).

Under what circumstances can I take out all or part of my investment prior to the expiry of the 12 month term?

Generally any amount you have invested in the fixed term investment option cannot be withdrawn before the end of the 12 month term. However, the investment can be withdrawn in certain limited circumstances such as in situations required by superannuation law, or death[1], total and permanent disablement, terminal illness and for the settlement of payment splits in accordance with the Family Law legislation.

If you submit a request for early withdrawal of your investment, then your whole account balance, adjusted for any interest, will be paid to you. Note that if you make a partial withdrawal you cannot remain in the fixed term investment option and as such we will pay your total benefit to you adjusted for any interest. Any benefit payable to you as a consequence of early withdrawal from the fixed term investment option will be paid according to your instructions. In the event that there are no instructions for payment then the benefit will be rolled back to either your Rollover or Account-Based Pension Plan, based on the investment option(s) it was drawn from.

Any funds invested in the fixed term investment option cannot be switched to a different investment option, or rolled over to another superannuation fund or product during its 12 month term.

1 In the event of your death, your benefit will remain in the fixed term investment option until maturity unless we receive other directions from either your dependant(s) or legal personal representative.

Lump sum withdrawal and future pension payment restrictions may apply for Account-Based Pension members in order to maintain minimum account balance requirements.

Rollover Plan members cannot access any funds invested in the fixed term investment option during the 12 month term, including for the commencement of an Account-Based Pension.

Are there any penalties or fees associated with taking out all or part of my benefit prior to the expiration of the 12 month term?

If you take your money out before the expiration of the 12 month term then there may be a Processing Fee charge of up to $50.00. In addition, there may be a recalculation of the interest payable to you, based on market conditions at the time of your exit.

Is there a cost for switching into the fixed term investment option?

There are no fees to transfer monies into this option.

What are the fees and costs associated with investing in the fixed term investment option?

LGS incurs management fees in respect to providing and administering the fixed term investment option. The total management fee for the 12 month fixed term option is 0.40%.

Further information regarding management fees can be found in the PDS.

How is the fixed term option invested and what is the risk of the option?

The following details provide an overview of how the fixed term option is invested, its objective and risks.

Fixed Term

Definition	To provide a predetermined fixed interest rate on investments held for a 12 month term. The fixed term option invests 100% in cash investments. The fixed term option has a short-term focus.	
Asset allocation	**Asset Class**	**Asset Allocation range**
	Cash	100%
Indicative rate of return	4.6%–5.2% p.a. net of management fees.	
Time horizon	12 months	
Risk profile	Low. The chance of a negative return is remote and would only occur in exceptional circumstances such as if the term deposit provider became insolvent.	

Understanding Risk

Before investing in any product it is important that you understand the risks involved and whether the product is suitable for you. The following information provides you with some information that may assist you in determining whether this investment option is suitable for you.

Risk of investing

In general, investments looking to generate the highest returns tend to have the highest risks. "Risk" means not only that returns might be variable (or 'volatile'), but that part or all the investment might be lost. Historically, shares have been more volatile than other investments, such as property or fixed interest.

Regardless of the investment strategy chosen, the value of your investment can fall as well as rise. Even where your investment does not fall in value, it may not perform according to your expectations.

How do I understand and manage my risk?

While you can never fully eliminate the risk associated with an investment, there are a number of different ways in which you can minimise the potential risk.

Obtain professional advice

Investments are complicated and while the risk profile of an investment may be an indication, it is recommended that you seek professional advice before deciding which investment strategy best suits your needs.

Regularly review your investment

Your individual circumstances may change and as a result your selected investment may no longer be suitable. If you do think that your investment is no longer best serving your needs, you should obtain professional advice to review your investment choice.

Read all of the information

It is important that you read all of the information associated with the investment. Risk profiles can be an indicator as to the volatility of an investment, but you should also be aware of where your money is being invested to understand how the various risks may have an impact on your investment.

Further information regarding risk can be found in your PDS.

What happens at the end of the 12 month fixed term?

We will contact you advising you of the available options before the term of this investment expires on 30 November 2012. You will need to advise us what you'd like to do with the amount invested at maturity as there is no automatic reinvestment. At the end of the term, your initial investment and interest will be re-invested or switched to an alternate investment strategy according to your instructions. If we do not receive any instructions from you, we will transfer your initial investment plus interest to the Cash investment option within either the Rollover Plan or Account-Based Pension Plan.

Who do I contact for enquiries, help and advice?

If you have any questions regarding the information contained in this SPDS, then please contact LGS Member Services:

Phone 1300 369 901 **Web** www.lgsuper.com.au

Mail PO Box N835
Grosvenor Place
NSW 1220

Sydney 28 Margaret St

Newcastle Suite 2/76 Park Avenue, Kotara

Wollongong Shop 2/60 Burelli St

Office hours 8.30am - 5.00pm, Monday - Friday

Complaints resolution

The Trustee is committed to ensuring LGS provides you with satisfactory service and that all of your enquiries are attended to promptly. However, if you are dissatisfied with the service that you are receiving or a decision that affects you, we encourage you to lodge a formal complaint. Please refer to your PDS for further information.

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Issued by: LGSS Pty Limited (ABN 68 078 003 497). Level 12, Local Government House, 28 Margaret Street, Sydney NSW 2000. Tel:(02)9333 3000 or 1300 369 901. Fax: (02) 9279 4131. Website: www.lgsuper.com.au

Issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Superannuation Scheme – Pool A (ABN 74 925 979 278) and Pool B (ABN 28 901 371 321) – collectively known as Local Government Super. This SPDS is to be read together with the Product Disclosure Statement (PDS) for your relevant Scheme.

This SPDS outlines important changes relating to information contained in the PDS and has been issued to advise members of the Rollover and Account-Based Pension Plan of the new fixed term investment option.

This SPDS has been prepared without taking account of your objectives, financial situation or needs. You should, before acting on this SPDS, ensure that you have read this SPDS and your relevant PDS and consider its appropriateness having regard to your objectives, financial situation and needs.

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