

Local Government **Super Product** disclosure statement

Executive Scheme



How to use this

Product Disclosure Statement

This Product Disclosure Statement (PDS) has been created to provide you with an overview of the Local Government Super Executive Scheme. This PDS incorporates by reference various Fact Sheets which contain additional information about the Local Government Super Executive Scheme.

Fact Sheets containing further information on the topics covered in this PDS are available from the website at www.lgsuper.com.au or can be sent to you free of charge by contacting Member Services on 1300 369 901. Topic headings further covered on the website are as follows:

- Scheme at a glance
- Contributions
- Taxation
- Insurance
- Fees and other costs
- Risk and diversification
- Benefits
- Preservation
- How we manage your money
- Operational information

It is important to note that the information provided both in this PDS and the Fact Sheets contain general information and should not be considered as personal advice.

The information contained in this PDS is general information only and does not take into account your individual financial objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice having regard to your objectives, financial situation and needs.

Establishing and maintaining your account

To establish and maintain your membership in Local Government Super, the Trustee requests that you provide certain information to the Trustee and its service providers when you join and when you provide instructions in relation to your account.

This will assist the Trustee and its service providers in delivering the expected standard of service, the timely provision of your full entitlements and benefits and to reduce the risk of fraud against you, the Trustee and its service providers. Additionally, the Trustee is required by the law to verify your identity, asking at a minimum for both your full name and date of birth, when you request any type of withdrawal from your account.

Verification of your identity involves you providing acceptable documentation (e.g. certified copies of specific documents) verifying your identity. The requirements around what are acceptable documents and the persons who are able to certify such documents are quite specific and in some cases may not be the same as what would be commonly accepted by banks and other

institutions. For more information regarding acceptable documentation and a list of persons able to certify such documents, please visit our website and go to the 'Forms' section. Alternatively, contact Member Services on 1300 369 901.

If you choose not to give us your personal information, or provide us with incomplete or inaccurate personal information, we may not be able to provide you with all your entitlements and benefits, and may not be able to process your claim or pay your benefit.

Obtaining up-to-date information

The information contained in this PDS is up to date at the time of preparation. However, the Trustee reserves the right to change the insurer and vary the benefits, premium rates, procedures or terms and conditions from time to time. Some of the information may also be subject to change, such as information about management costs, other fees or the investment strategy of a particular investment option.

The Trustee will issue a supplementary or replacement PDS if there is a materially adverse omission or change to any information in the PDS. Changes in information that are not materially adverse may be updated without issuing a supplementary PDS. Updated information can be obtained free of charge by contacting Member Services on 1300 369 901 or visiting the website at www.lgsuper.com.au

A paper copy of the updated information can be obtained free of charge on request.

Issue No. 8 – Dated 1 March 2011. 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 document contains general information only and is not intended to be a substitute for advice. It does not take into account any individual's or organisation's investment objectives, financial situation or particular needs. Accordingly any individual or organisation should seek professional advice that takes account of investment objectives, financial situation, and particular needs before making a decision in relation to any of the matters covered in this document.

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SelectingSuper AAA rating

SelectingSuper is Australia's leading financial services information company.

Local Government Super has been awarded with a AAA rating (Exceptional quality super fund).

This rating will give you the comfort of knowing that your superannuation provider is a leader in the market.

To be awarded its AAA rating, SelectingSuper assessed Local Government Super against a range of benchmarks in the industry. This means the fund rated exceptionally well on an overall assessment of organisational strength, administration, communications, investment performance, insurance, and other extra services. Having received this rating we are now recognised as part of Australia's leading superannuation providers.



Important information

Enquiries, help and information

If you have any enquiries or would like further information about any aspect of your account or Local Government Super, please contact:

Member Services
Phone: 1300 369 901

Address: Ground floor
Local Government House
28 Margaret Street, Sydney

Telephone enquiries can be made between 8.30am and 5.00pm on any business day. Personal interviews are available between 8.30am and 4.30pm on any business day (by appointment only). Please note that office hours may change to account for public holidays.

You can also contact Local Government Super by going to our website www.lgsuper.com.au

Quality service

Services available to members include a dedicated website (through which members can access their account details), a professional contact centre, ready access to salaried financial planners, the provision of half-yearly and annual statements, seminars and newsletters. The Trustee directly and actively monitors the services it provides and encourages feedback from members.

Effective investment choice

Local Government Super offers you a choice of five investment strategies. These strategies are designed to provide a range of investment options to meet your needs.

Reasonable cost

Local Government Super does not have any entry fees and believes the total fees it charges are competitive in the superannuation industry.

Disclaimer

Neither the Trustee nor any service providers, or any of their associated companies guarantee the performance of Local Government Super or any of their investments, the repayment of capital, or any particular rate of return.

Local Government Super

The Local Government Superannuation Scheme was established on 30 June 1997 by a Trust Deed made under an Act of the NSW Parliament for the purpose of providing retirement benefits for employees of certain Local Government bodies in NSW. When you join, you are bound by the Trust Deed.

Under the Trust Deed, the Local Government Superannuation Scheme is divided into two pools of assets and seven divisions, collectively known as Local Government Super. The assets of Divisions A, E, F and P are held in Pool A and the assets of Divisions B, C and D are held in Pool B. The Scheme is provided under Division E in Pool A.

Both pools are complying superannuation funds and are subject to concessional taxation treatment.

Local Government Super is an employer-sponsored superannuation fund for employees from various Local Government bodies in NSW and your employer contributes on your behalf. Spouses of employees can also join in some circumstances.

Local Government Super provides you with flexible superannuation that you can tailor to address your lifestyle needs, both now and in retirement and you have a large degree of control over the pace at which you contribute to your retirement benefits.

You have access to benefits in the event of your death, invalidity and on leaving employment with a participating employer.

Interpretation

In this PDS:

- The Executive Scheme is referred to as the 'Scheme'
- The Trustee, LGSS Pty Limited, is referred to as 'the Trustee', 'we' & 'us'
- Members of Local Government Super are referred to as 'you' and 'your'
- All monetary amounts referred to in this document are in Australian dollars, unless otherwise specified.

Local Government Super is one of the larger superannuation funds in Australia with assets of approximately \$5.5 billion under management and approximately 100,000 members, predominantly in New South Wales. Local Government Super is regulated primarily by the Superannuation Industry (Supervision) Act 1993 (Commonwealth).

About the Trustee

LGSS Pty Limited (ABN 68 078 003 497) is the Trustee of the Local Government Superannuation Scheme (including the Scheme). Whilst the size of Local Government Super is not a guarantee of security or performance, Local Government Super's size gives the Trustee continuous and cost effective access to professional advice and monitoring services. The Trustee is a non-profit company solely engaged in the management and control of Local Government Super and its assets for the benefit of members.

The Trustee is responsible for managing Local Government Super, including the safe keeping of assets and ensuring Local Government Super operates in accordance with the Trust Deed and superannuation law.

LGSS Pty Limited is an APRA Registrable Superannuation Entity Licensee.

The Trustee engages external experts such as investment advisers, investment managers, administrators, custodians, accountants, solicitors and auditors to assist with its obligations.

The Trustee is located at:
Local Government House
Level 12
28 Margaret Street
Sydney NSW

Contact details:
Tel: (02) 9333 3000
Fax: (02) 9333 3099
website: www.lgsuper.com.au

About the service providers

The administrator of Local Government Super is FuturePlus Financial Services Pty Limited (FuturePlus) which attends to the day-to-day operations under a written service agreement.

The custodian of Local Government Super is JPMorgan Chase Bank. The custodian holds Local Government Super's assets under a written service agreement.

More information

For more information on any of the terms used here, visit the website or contact Member Services.



Scheme at a glance

| Fees and other costs | |
|---|---|
| Administration costs | \$6.33 per month. Deferred member \$4.33 per month. |
| Establishment fee | Nil |
| Withdrawal fee | \$30 per payment |
| Request for Family Law information | \$110 |
| Benefit split fee | \$44 for each party or \$88 if payable by only one party. |
| Investment switching fee | One free switch per financial year, subsequent switches incur a \$30 fee. |
| Investment costs and expense recovery fee | These are deducted from returns prior to being applied to your account. The fees and costs are a percentage of the amount invested and are set at a maximum of 1.00% for all investment strategies. The actual fees and costs charged may be less than this amount. Details regarding the actual fees and costs charged will be shown on your Annual Statement and Annual Report and can also be obtained from our website or from Member Services. |
| Investment strategies | |
| Available investment strategies | High Growth, Balanced Growth, Balanced, Conservative and Cash. |
| Withdrawals | |
| Making a withdrawal | Where permitted under superannuation law, you are able to withdraw all or part of your account as either a rollover to another complying superannuation fund or as a cash amount subject to Commonwealth Preservation standards. For more information regarding withdrawals, please refer to the Benefits section. |
| Insurance cover | |
| Basic death or total and permanent disablement cover | Cover for Basic death or total and permanent disablement is provided automatically to Contributory members who joined this Division from 1 July 2005 and are under the age of 70. The premium for this cover is \$25 per month. |
| Voluntary insurance | Additional voluntary insurance options are provided by Local Government Super's insurer, TOWER Australia Limited. These options provide death only insurance cover or insurance cover for death and total and permanent disablement and salary continuance insurance. |

Who can join?

To be eligible to join Division E of Local Government Super you must be an 'Executive' with a Local Government employer.

An 'Executive' includes any of the following:

- A Chief Executive Officer (under public sector specifications);
- A Senior Executive Officer (under public sector specifications);
- An officer nominated under Section 11A of the Statutory and Other Officers Remuneration Act 1975 (NSW); or
- A person who is nominated by their Local Government employer and who satisfies the following requirements:
 - (a) occupies a senior position; and
 - (b) is on a fixed term contract of employment.

Classes of membership

Generally, most new members will be classed as Contributory members. However, depending on your circumstances (e.g. employment status) you may fall into a different class of membership. Following is a break up of the different member classifications.

Division E

| | |
|---------------------|--|
| Contributory member | Currently employed by a Local Government Super employer. |
| Deferred member | Members of this Division who have terminated employment with a Local Government employer and have elected to retain their benefit in Local Government Super. Deferred members are unable to contribute or rollover money into their account. From 1 March 2009 members who become Deferred will retain any Basic insurance cover provided they meet the requirements of the insurance policy. |

Beneficiaries

Local Government Super provides you with the option of making a binding nomination of beneficiary in favour of your legal personal representative.

A nomination of beneficiary will remain valid for three years and can be amended or revoked at any time.

More information

For more information regarding any of the topics contained in this section, please refer to the **Scheme at a glance** Fact Sheet available on the website or contact Member Services.

Contributions

Generally, Local Government Super accepts Superannuation Guarantee contributions and other employer, personal and spouse contributions, transfers and rollovers and any other contributions permitted by superannuation law. The Trustee may reject any contribution where it believes acceptance of such contribution may not be permitted.

| Concessional (or pre-tax) contributions | |
|--|--|
| <ul style="list-style-type: none"> ● Superannuation Guarantee ● Additional employer ● Award ● Salary sacrifice | <ul style="list-style-type: none"> ● Capped at \$25,000 per annum. A transitional concessional cap of \$50,000 applies for individuals aged 50 and over with total superannuation balances of less than \$500,000. ● Higher tax applicable if your Tax File Number (TFN) is not provided. ● Generally taxed at 15%. |
| Non-concessional (or post-tax) contributions | |
| <ul style="list-style-type: none"> ● Personal ● Spouse ● Concessional contributions that exceed the cap | <ul style="list-style-type: none"> ● You must supply Local Government Super with your TFN in order for us to accept these contributions. ● Capped at \$150,000 per annum. ● Contributions are tax free when below the cap amount. |
| Contribution caps | |
| Concessional | <ul style="list-style-type: none"> ● Capped at \$25,000 per annum (indexed to Average Weekly Ordinary Time Earnings). ● Taxed at highest marginal rates plus the Medicare levy on amounts in excess of the cap. ● Excess amounts count towards the non-concessional cap. |
| Non-concessional | <ul style="list-style-type: none"> ● Capped at \$150,000 per annum or \$450,000 over three years. Maximum one-off contribution amount of \$450,000. ● Taxed at highest marginal rates plus the Medicare levy on amounts in excess of the cap. |

Rollovers

Local Government Super accepts rollovers from other superannuation funds.

Co-contributions

The Federal Government makes contributions to the superannuation account of an eligible income earner. The amount that the Government will contribute is dependent on the post-tax amount contributed and the salary of the eligible income earner. Conditions apply. Please refer to the **Contributions** Fact Sheet on the website for further information.

Preservation

All contributions made will remain preserved in the superannuation system until you meet a condition of release. Rollovers from other superannuation funds may contain a non-preserved component.

More information

For more information regarding any of the topics contained in this section, including those circumstances where different caps on contributions apply, please refer to the **Contributions** Fact Sheet and the **Preservation** Fact Sheet available on the website or contact Member Services.



Taxation

Taxation rules that apply to superannuation can be complicated. The following is an overview of the current tax treatment of super. You should seek professional advice to understand how these different taxes may affect you.

| Types of taxation | |
|--|---|
| Contribution tax | This is a 15% tax levied on all concessional contributions and untaxed components within a rollover from another fund. |
| Tax on investment earnings | Earnings on investments are generally taxed at a maximum of 15%. The effective rate may be reduced below 15% due to the effect of various tax credits and rebates. |
| Tax on death benefits | The tax payable on death benefits depends on whether the benefit is paid to a dependant and/or taken as a lump sum or a super income stream. We recommend that you seek advice from a suitably qualified professional about how the tax laws apply specifically to your estate, spouse, and dependants. |
| Tax on superannuation lump sum payments | There may be tax payable when you make a lump sum withdrawal. Lump sum payments are subject to different tax rates depending on your circumstances. |

Tax treatments on superannuation lump sum payments from a taxed source

| Component | Age less than 55* | Age 55 - 59* | Age 60* |
|---------------------------|-------------------|--|----------|
| Tax-free component | Tax free | Tax free | Tax free |
| Taxable component | Taxed at 20% | Tax free up to the low rate cap amount with the balance taxed at 15% | Tax free |

The Medicare levy of 1.5% is also payable upon any benefit where tax is payable.

*For those born after 30 June 1960, age 55 is replaced with your preservation age.

TFN not supplied

In cases where you have not supplied your TFN, your concessional contributions and the taxable component of lump sum payments (where tax is payable) will be taxed at the highest marginal rate plus the Medicare levy of 1.5%.

More information

For more information regarding any of the topics contained in this section, please refer to the **Taxation** Fact Sheet available on the website or contact Member Services.

Benefits

Your benefit is comprised of your initial and subsequent contributions/ rollovers, net of any investment returns, plus any insurance benefit that may be payable by the insurer, less taxes, fees, any insurance premiums and any previous withdrawals or rollover of benefit entitlements.

More information

For more information on the benefits that you are entitled to, when they can be taken, what will happen to your benefits when you cease employment with your employer, withdrawing your benefit and rolling over your benefits, please refer to the **Benefits** Fact Sheet available on the website or contact Member Services.

Insurance cover

Basic death or Total and Permanent Disablement (TPD)

What you get

Local Government Super, through its Insurer, provides automatic cover for death and TPD benefits for Contributory members (who joined after 1 July 2005) upon commencement of employment and who are 'At Work'* with a Local Government Super employer.

How much does it cost?

Basic cover will cost \$25 per month and will be deducted directly from your account which will entitle you to five units of cover.

You are able to increase your cover by one unit to six units for an additional \$5 per month. Please note that this is only available within 120 days after you commence employment and become an eligible member of the Scheme. A reduction of cover is also available.

Do I have to have this basic cover?

You have the option of cancelling this basic cover at any time. However, if you cancel your basic cover, or if your cover is cancelled automatically, to have this cover reinstated at a later date, you will need to be assessed by the insurer.

*At Work means the member is actively at work and competently performing all the essential duties of their usual occupation without restriction, or is on approved leave other than leave which is taken for reasons related to injury or illness, and who is not receiving or claiming and/or entitled to claim income support benefits from any source including workers' compensation benefits, statutory transport accident benefits and disability accident benefits. If the member is not At Work then the TPD cover will be subject to Limited cover conditions. Limited cover means a member is only covered for claims arising from an illness that first becomes apparent or an injury.

If your cover has been cancelled, you are still eligible to apply for voluntary insurance cover.

How would my cover be automatically cancelled?

Some of the circumstances in which your Basic cover will be cancelled are as follows:

- When your account balance remains insufficient and full insurance premiums remain unpaid for more than 60 days
- When you reach age 70
- You cease to be a member of the Scheme.

Please refer to the **Insurance** Fact Sheet for a complete list of conditions.

Are there exclusions that apply to the cover?

Yes. Please refer to the **Insurance** Fact Sheet.

How do I claim a TPD Benefit?

In order to claim for a TPD benefit you need to complete an 'Application for Total and Permanent Disablement benefit' form available from Member Services. The Insurer will then assess your application based on whether you meet the relevant definition of TPD as outlined in the "Definitions of TPD" section below.

What if I want additional insurance cover?

Local Government Super, through its insurer, offer the following types of voluntary insurance cover.

- Death cover
- Death and total and permanent disablement
- Salary continuance

For more information on voluntary insurance, please refer to the Voluntary Insurance booklet available from the website or contact Member Services.

Definitions of TPD

Depending on your class of membership, not all definitions of TPD will be applicable. The definitions for TPD are:

(a) Solely because of Illness or Injury you have suffered the permanent loss of:

- the use of two limbs (where 'limb' is defined as the whole hand below the wrist or the whole foot below the ankle)

- the sight in both eyes or
- the use of one limb and the sight in one eye

or

(b) Solely because of Illness or Injury:

- has suffered at least 25% Whole Person Impairment (based on the latest edition of the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', or an equivalent guide approved by us)
- is not engaged in any occupation and
- is disabled to such an extent as to render them unlikely to ever be engaged in any occupation for which they are reasonably suited by education, training or experience

or

(c) Solely because of Illness or Injury is unlikely ever to be able to perform at least two of the following Activities of Daily Living without assistance from another person:

- Dressing – put on and take off clothing
- Bathing – wash or shower
- Toileting – use of a toilet, including getting on and off
- Mobility – get in and out of bed and a chair
- Feeding – to get food from a plate into the mouth

or

(d) Where at the time of disablement, the Insured Person was employed 15 or more hours per week* (averaged over the 13 week period prior to the date of disablement or such shorter period if employed for less than 13 weeks immediately prior to the date of disablement) and aged 65 or less;

- has been absent as a result of an Illness or Injury from employment for 6 consecutive months and
- after consideration of all relevant evidence, the Insurer assesses that the Insured Person is disabled to such an extent as to render them unlikely to ever again be engaged in any occupation for which they are reasonably suited by their education, training or experience

*The requirement to work 15 or more hours per week is waived for the following categories of Insured Persons;

- Casual employees of a participating employer who had cover in force prior to 1 March 2009;
- Full time and permanent part time employees of a participating employer.

or

(e) Where at the time of disablement, the Insured Person was not employed and was engaged in unpaid domestic duties at home:

- is a result of Illness or Injury under the care of a Medical Practitioner
- is unable to perform those domestic duties
- is unable to leave their home unaided
- has not engaged in any gainful employment for a period of 6 consecutive months after the occurrence of the Illness or Injury and
- at the end of the period of 6 months, in the Insurer's opinion, after consideration of all relevant evidence the Insured Person is disabled to such an extent as to render them unlikely to perform those domestic duties or engage in any gainful occupation.

How much am I covered for?

The table below shows the amount of basic cover available based on your age next birthday and five units of cover.

| Age next birthday | Amount of basic cover | Age next birthday | Amount of basic cover | Age next birthday | Amount of basic cover |
|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|
| up to 35 | \$575,000 | 47 | \$158,000 | 59 | \$39,000 |
| 36 | \$575,000 | 48 | \$129,500 | 60 | \$31,500 |
| 37 | \$539,500 | 49 | \$108,500 | 61 | \$27,000 |
| 38 | \$539,500 | 50 | \$100,500 | 62 | \$23,500 |
| 39 | \$539,500 | 51 | \$99,000 | 63 | \$19,500 |
| 40 | \$503,500 | 52 | \$94,000 | 64 | \$19,500 |
| 41 | \$460,000 | 53 | \$86,500 | 65 | \$16,000 |
| 42 | \$388,500 | 54 | \$78,500 | 66* | \$16,000 |
| 43 | \$324,000 | 55 | \$70,000 | 67* | \$16,000 |
| 44 | \$266,500 | 56 | \$62,500 | 68* | \$16,000 |
| 45 | \$215,500 | 57 | \$55,000 | 69* | \$16,000 |
| 46 | \$187,000 | 58 | \$47,500 | 70* | \$16,000 |

More information

For more information regarding any of the topics contained in this section, please refer to the **Insurance** Fact Sheet available on the website or contact Member Services.

Fees and other costs

This section shows the fees and other costs you may be charged. These fees and costs may be deducted from your superannuation account, from the returns on your investment or from the Scheme's assets as a whole. Taxation and insurance details are set out in other parts of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment. Fees and other costs for particular investments are set out in the Additional explanation of fees and other costs section.

DID YOU KNOW? Small differences in both investment performance and fees and other costs can have a substantial impact on your long-term returns.

For example, total annual fees and other costs of 2% of your Scheme balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or provision of better member services justify higher fees and other costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable*. Ask Local Government Super or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investment Commission (ASIC) website (www.fido.asic.gov.au) has a superannuation calculator to help you check out different fee options.

*To help you compare different superannuation products, the Trustee is required by law to provide the above statement in a PDS. It is important to note that Local Government Super does not charge contribution fees and the management costs cannot be negotiated.

Current fees and other costs

| Type of fee or costs | Amount | How and when paid |
|--|--|---|
| Fees when your money moves in or out of the Scheme | | |
| Establishment fee: The fee to open your investment. | Nil | N/A |
| Contribution fee: The fee on each amount contributed to your investment – either by you or your employer. | Nil | N/A |
| Withdrawal fee*: The fee on each amount you take out of your investment. | \$30.00 | Deducted from a member's account at the time of payment. |
| Termination fee: The fee to close your investment. | Nil | N/A |
| Management costs: The fees and costs for managing your investment** | | |
| Fees deducted from your account | | |
| Administration costs: This fee contributes to meeting the operational expenses of the Scheme. | \$6.33 per month. Deferred member \$4.33 per month. | Deducted monthly directly from a member's account. |
| Fees indirectly deducted | | |
| Investment fee and expense recovery costs: The fees and costs for managing the Scheme, investing assets and other operating expenses including performance fees and Member Protection (excluding abnormal expenses). Transaction costs*** are not included in Management costs and are paid from the investment strategy. | A current maximum of 1.0% p.a. or \$10.00 per \$1,000 of assets invested p.a. in any of the investment strategies. | These fees are applied daily on the market value of the assets in each particular investment strategy and deducted prior to the declaration of the relevant unit price. A member's actual entitlements are determined by multiplying their unit holding by the relevant unit price. |
| Service fees**** | | |
| Investment switching fees: The fee for changing investment strategies. | First switch per financial year is free. Each subsequent switch is \$30.00. | Deducted from a member's account when the switch is processed. |

* Where you elect to transfer to Local Government Super's Rollover and Account-Based Pension Plan, the withdrawal fee will be waived.

** The amount you pay on specific investment strategies is shown in the Additional explanation of fees and other costs section.

*** Transaction costs include brokerage, government taxes, duties and levies, bank charges and account transaction charges. Refer to the Fees and other costs Fact Sheet for more information.

**** Additional fees such as Family Law fees may apply. See Additional explanation of fees and other costs section.

Example of annual fees and costs for the Balanced investment strategy

The table below provides an example of how the fees and other costs in the Balanced investment strategy for this product can affect your superannuation investment over a one year period if you are a member of Local Government Super. You should use this table to compare this product with other superannuation products.

How it works

The table below uses the maximum fee applicable to the Balanced investment strategy as a guide to the general cost of the Scheme.

| EXAMPLE - The Balanced investment strategy | | Balance of \$50,000 with total contributions of \$5,000 during the year |
|---|--------------------------------------|---|
| Contribution fees | Nil | For every \$5,000 you invest, you will be charged \$0. |
| Plus Management costs | 1.0% + \$75.96 (\$6.33 per month) | And, for every \$50,000 you have in the Scheme you will be charged a maximum of \$500 each year plus \$75.96 in administration fees, regardless of your balance. |
| EQUALS cost of Scheme | | If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged a maximum TOTAL fee of: \$575.96* What it costs you will depend on the investment strategy you choose. |

* Additional fees may apply. If you make a withdrawal or leave Local Government Super; you will also be charged a withdrawal fee of \$30 for every payout (including any partial or full payment).



Additional explanation of fees and other costs

Performance fees

Performance fees are payable when investment returns exceed an investment manager's benchmark and are listed in the **Fees and other costs** Fact Sheet.

Payments to Authorised Representatives

Authorised Representatives of Local Government Super receive remuneration by means of salary only.

Taxation

Please refer to the Taxation section within this PDS.

Taxation rebate

Local Government Super receives a taxation deduction on fees and insurance costs which is passed back to members in the form of reduced contributions tax.

Request for Family Law information fee

This fee is for the provision of information about a member's account relevant to a Family Law split.

The fee is \$110 and is payable by the person requesting the information. The payment should be provided in the form of a cheque or money order made payable to Local Government Super.

Benefit split fee

This \$88 fee associated with a Family Law court split is generally paid by the member and non-member spouse in equal parts.

This payment is deducted at the time that the split is made.

Insurance premiums

Please refer to the Insurance section within this PDS.

Management costs

Management costs are made up of two components:

- An administration charge of \$6.33 per month deducted directly from your account.
- Investment and expense recovery costs which are deducted from gross investment returns.

Increases or alterations to fees and other costs

At a minimum, fees are determined and reviewed annually by the Trustee. The Trustee will give you appropriate notice if fees and costs are increased.

Charges paid to managed investment schemes

Local Government Super invests predominantly through the Local Investment Fund (LIF), a wholesale investment trust.

The Trustee of LIF is a wholly owned subsidiary of the Trustee of Local Government Super. Investment management fees and other charges incurred by LIF may be paid by the Trustee of Local Government Super out of Local Government Super assets.

These investment management fees are determined and reviewed annually by the Trustee. The investment fee quoted in this PDS includes the LIF fees and the investment management fees of the underlying investment managers.

The fees paid to LIF, investment managers and other managed investment schemes affect the investment return on each investment strategy in Local Government Super, but they are deducted prior to the investment return for the strategy being declared and not directly from your individual account.

All investment returns quoted for the investment strategies offered by Local Government Super are net of these fees (and other expenses, taxes and charges).

The Trustee undertakes that it will not deal with LIF more favourably than it would deal with any other independent service provider.

Member protection

If your account balance is less than \$1,000 and you otherwise meet the member protection requirements, the Trustee must ensure that any fees and other costs deducted from your account do not exceed the investment return in any financial year.

This means that your account balance cannot reduce because of management costs (insurance and tax excluded). However, in times where investment earnings are poor or negative, superannuation law provides the Trustee with discretion to charge a nominal management fee of no more than an amount equal to the investment return plus \$10, subject to certain prerequisites met by the Trustee.

Although not a fee, the cost of protecting low member account balances against erosion by administration fees is deducted from earnings before unit prices are calculated.

Information on abnormal expenses

The management costs set out in the PDS do not incorporate an allowance for abnormal expenses (if any) to which the Trustee is entitled to be reimbursed from Local Government Super. At the date of this PDS, we do not anticipate any abnormal expenses to be paid.

Investment fee and expense recovery costs

While the Investment fee and expense recovery costs are capped at a maximum of 1.00%, the fees charged may be lower based on actual costs incurred by the Scheme.

The amounts charged will be shown on your Annual Statement, in the Annual Report and on the website, or you can contact Member Services for this information.

The actual amounts deducted from investment returns for the 12 months to 1 July 2010 were as follows:

| Strategy | Fee amount |
|-----------------|-------------------|
| High Growth | 1.00% p.a. |
| Balanced Growth | 0.97% p.a. |
| Balanced | 0.92% p.a. |
| Conservative | 0.88% p.a. |
| Cash | 0.72% p.a. |

More information

For more information regarding any of the topics contained in this section, please refer to the **Fees and other costs** Fact Sheet available on the website or contact Member Services.

Risk and diversification

Superannuation, like any type of investment, is not without risk. Before choosing an investment, you should look at how the types of risk may affect your investment.

| Type of risk | |
|---------------------------|---|
| Investment | While the risk of fluctuation in an investment can be managed and minimised, it cannot be completely eliminated. |
| Inflation | Where an investment may be performing well, rises in inflation may reduce the value of the return when compared with cost of living expenses. |
| Credit | Where we invest in debt securities or other debt instruments, these could be subject to default risk. |
| Liquidity | If an investment contains illiquid assets, the ability to sell on short notice is reduced and may even result in a loss or discount if it needs to be cashed out quickly. |
| Market | Any number of things can cause volatility within the market. Examples include changing economic conditions and technological advances. |
| Derivatives | The use of derivatives gives rise to the risk that there is an adverse movement in the asset or index underlying the derivative, that there is leverage risk because of the greater exposure provided by the derivative, that the derivative position is difficult or costly to reverse and that the parties do not perform their obligations under the contract. |
| Short selling | The risk that the price of a security increases so that the price that a security is purchased for is greater than the price that the security is sold for. |
| Superannuation law | Ongoing changes to superannuation law may change the way you can contribute to super and access your investment. |
| Product | <p>In striving to provide quality and diversity in the product to benefit all members, changes may not always be suitable for your particular needs.</p> <p>It is also important to note that investment returns can be nil or even negative from time to time.</p> |

How do I understand and manage my risk?

Whilst 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 whilst 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.

Invest for the long term

Superannuation is a long-term investment and moving between investments on a regular basis may do more harm than good. You should consider remaining in your selected strategy for at least the minimum investment timeframe suggested for the investment strategy.

Note: Investing for the suggested investment timeframe will not eliminate the risk.

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.

More information

For more information regarding any of the topics contained in this section, please refer to the **Risk and diversification** Fact Sheet available on the website or contact Member Services.

Investments

Investment strategies

Local Government Super offers you a choice of five investment strategies managed by professional investment managers.

The strategies have been designed to suit members at different stages of their working life and individual circumstances. Each strategy offers a different potential rate of return and degree of volatility and has strict guidelines that the investment managers are required to follow.

The available investment strategies are:

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

Members can elect to invest their account balance and/or future contributions (including roll-ins, Superannuation Guarantee contributions and personal contributions) in a combination of one or more of the five investment strategies provided by LGS. You also have the flexibility to invest your future transactions in a different combination of investment strategies than you use to invest your current account. Switching fees may apply if more than one switch per financial year is requested.

To obtain up-to-date information about past or current investment performance, please contact Member Services or visit the website.

Sustainable investing

The Trustee invests in a way that favours companies and projects that show a commitment to our community and the environment.

Default strategies

Provided that your balance is above \$1,000 and you do not select an investment strategy, your account will be invested in a default strategy relevant to your age. If your account balance is below \$1,000, it will be classed as a 'protected' account and will be invested in Cash.

The age-based strategies are as follows:

| Investment option | Member age* |
|-------------------|-------------------|
| Balanced Growth | 18 – 45 years |
| Balanced | 46 – 54 years |
| Conservative | 55 years and over |

* When you reach an age where an age based switch becomes effective, the switch will come into effect at the end of the month in which you reach that age.

As your default strategy will change according to your age, you should review this periodically to ensure that your investment strategy remains suitable to your needs.

There is no switching fee for an automatic or age-based switch but a switching fee may apply if you choose a different strategy.

If at any time you select an investment strategy, the default strategies are no longer applicable.

More information

For more information regarding any of the topics contained in this section, please refer to the **How we manage your money** Fact Sheet available on the website or contact Member Services.

High Growth

For high investment growth above the “cash”^{**} rate over the longer term.

Definition: The High Growth strategy generally invests a very high proportion of its funds in growth assets, such as Australian and international equities and property. This combination aims to earn high real investment growth above the cash rate over a 9 year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call ‘short-term volatility’ in this strategy. In other words, the value of the investment may fluctuate over the short term.

Objective: 3.5% net investment return per annum above the “cash”^{**} rate over a rolling 9 year period.

Risks: There is a significant chance that the investment value may decrease in the short term. The chance of a negative return in any year is 1 in 3.

Risk profile: High

| Asset classes | Asset allocation ranges |
|--|-------------------------|
| Australian Equities (or Shares) | 30%-40% |
| International Equities (or Shares) | 27%-37% |
| International Listed Property | 0%-6% |
| Australian Fixed Income | 0%-5% |
| Australian Inflation Linked Bonds | 0%-5% |
| International Fixed Income | 0%-5% |
| Absolute Return Funds | 1%-10% |
| Cash | 0%-10% |
| Australian Direct Property ^{**} | 0%-10% |
| Semi Liquids ^{**} | 0%-10% |
| Private Equity ^{**} | 5%-15% |
| Defensive Illiquids | 0%-5% |

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

**Note that the combined investments in these three asset classes above will not exceed 25%

Balanced Growth

For real investment growth above the “cash”^{**} rate over the medium to long term.

Definition: The Balanced Growth strategy generally invests a high proportion of its funds in growth assets, such as Australian and international equities and property. The balance is invested in income-producing assets. This combination aims to earn real investment growth above the cash rate over a 7 year period. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call ‘short-term volatility’ in this strategy. In other words, the value of the investment may fluctuate over the short term. This volatility is not as great as it is in the High Growth strategy.

Objective: 2.5% net investment return per annum above the “cash”^{**} rate, measured over a rolling 7 year period.

Risks: There is potential for the value of the investment to decrease in the short term. The chance of a negative return in any year is 1 in 4.

Risk profile: High/Medium.

| Asset classes | Asset allocation ranges |
|--|-------------------------|
| Australian Equities (or Shares) | 21%-31% |
| International Equities (or Shares) | 20%-30% |
| International Listed Property | 0%-6% |
| Australian Fixed Income | 1%-11% |
| Australian Inflation Linked Bonds | 1%-11% |
| International Fixed Income | 1%-11% |
| Absolute Return Funds | 3%-13% |
| Cash | 0%-10% |
| Australian Direct Property ^{**} | 0%-10% |
| Semi Liquids ^{**} | 0%-10% |
| Private Equity ^{**} | 1%-11% |
| Defensive Illiquids | 0%-6% |

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

**Note that the combined investments in these three asset classes above will not exceed 25%

Balanced

For real investment growth above the “cash”^{**} rate over the medium term.

Definition: The Balanced strategy generally invests a proportion of its funds in growth assets such as Australian and international equities and property, semi liquids and private equity and the balance in income-producing assets, such as interest-bearing securities. This combination aims to earn real investment growth above the cash rate over a 5 year period. There are more assets that produce income, which makes the strategy more stable than the High Growth and Balanced Growth strategies.

Objective: 1.5% net investment return per annum above the “cash”^{**} rate, measured over a rolling 5 year period.

Risks: Although the emphasis is on spreading your investment over various asset classes, there is a possibility that the value of the investment will decrease in the short term. The chance of a negative return in any year is 1 in 5.

Risk profile: Medium.

| Asset classes | Asset allocation ranges |
|--|-------------------------|
| Australian Equities (or Shares) | 11%-21% |
| International Equities (or Shares) | 10%-20% |
| International Listed Property | 0%-6% |
| Australian Fixed Income | 7%-17% |
| Australian Inflation Linked Bonds | 7%-17% |
| International Fixed Income | 7%-17% |
| Absolute Return Funds | 4%-14% |
| Cash | 0%-10% |
| Australian Direct Property ^{**} | 0%-10% |
| Semi Liquids ^{**} | 1%-11% |
| Private Equity ^{**} | 0%-10% |
| Defensive Illiquids | 0%-8% |

* Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

** Note that the combined investment in these three asset classes will not exceed 25%.

Conservative

For shorter term investing with good security and some potential for growth.

Definition: The Conservative strategy generally invests a small proportion in growth assets and the balance in income-producing assets such as interest-bearing securities. This combination offers real investment growth above the cash rate over a 3 year period. Although it is relatively more stable than the High Growth, Balanced Growth and Balanced strategies, the returns and the value of the investment can still fluctuate.

Objective: 1.0% net investment return per annum above the “cash”** rate, measured over a rolling 3 year period.

Risks: Although the emphasis is more on security, returns and the value of the investment can still fluctuate. The chance of a negative return in any year is 1 in 8.

Risk profile: Medium/Low.

| Asset classes | Asset allocation ranges |
|------------------------------------|-------------------------|
| Australian Equities (or Shares) | 1%-11% |
| International Equities (or Shares) | 1%-11% |
| International Listed Property | 0%-6% |
| Australian Fixed Income | 9%-19% |
| Australian Inflation Linked Bonds | 9%-19% |
| International Fixed Income | 9%-19% |
| Absolute Return Funds | 8%-18% |
| Cash | 5%-15% |
| Australian Direct Property** | 0%-8% |
| Semi Liquids** | 5%-15% |
| Private Equity** | 0%-6% |
| Defensive Illiquids | 0%-10% |

*Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

** Note that the combined investment in these three asset classes will not exceed 25%.

Cash

For investors who want exposure to investments in money market securities with a very low risk of capital loss.

Definition: The Cash strategy invests predominantly in short-term Australian money market assets. In addition, a small proportion of the assets (up to 15%) are invested in global interest type assets having a longer maximum term. This gives this strategy greater exposure to higher returns than by just investing in short-term domestic assets, with only a small increase in the overall volatility of the returns. This strategy offers investments for short-term investors or those seeking less volatile returns.

Objective: 0.25% net investment return per annum above the “cash”* rate, measured over a rolling 2 year period.

Risks: Depending on market volatility, there is a chance that this investment may experience a negative return, but this is expected to only be for periods of no more than a month. Over longer timeframes, the chance of a negative return would be remote.

Risk profile: Low.

Indicative asset allocation: 100% Cash and income producing assets.

*Note that each objective aims to return in excess of the cash rate. The benchmark for the cash rate is the UBS bank bill index.

Operational information

Complaints resolution

Our commitment

The Trustee is committed to ensuring Local Government Super 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.

How to lodge a complaint

All complaints should be made to the Complaints Resolution Officer by:

- Calling 1300 369 901 and making the complaint verbally to a Member Services Officer, or
- Putting the complaint in writing, with 'Notice of Complaint' marked on the envelope.

The Trustee prefers complaints in writing marked as such, as it helps the Trustee to deal with the complaint in a more efficient manner.

Written complaints should be addressed to:

Complaints Resolution Manager
Local Government Super
PO Box N835
Grosvenor Place NSW 1220

By law, we are required to have in place arrangements to properly consider and deal with complaints within 90 days of receipt.

The Complaints Resolution Officer (who maintains a register of all complaints and actions) will ensure that your complaint is considered and provide you with a response as soon as possible.

If you are not satisfied with the response, or your complaint has not been resolved within 90 days, you have the option of referring your complaint to the Superannuation Complaints Tribunal.

Superannuation Complaints Tribunal

The Tribunal has been established by the Federal Government for the purpose of providing totally independent input into disputes that may arise between superannuation funds and their members, former members or beneficiaries.

The Tribunal can only consider matters which impact on a member personally and not in respect to the overall management of Local Government Super.

You can only make a complaint to the Tribunal if you have first been through Local Government Super's internal complaints procedure outlined in this

section. In exercising its powers, the Tribunal cannot alter or ignore the provisions of Local Government Superannuation Scheme's Trust Deed.

All complaints to the Tribunal must be made in writing and at your own expense. The staff at the Tribunal will attempt to settle the matter by conciliation, which involves assisting you and Local Government Super to come to a mutual agreement. If no agreement is reached by conciliation, the Tribunal will determine the matter.

The contact details for the Tribunal are:

Superannuation Complaints Tribunal
Locked Bag 3060, GPO Melbourne VIC 3001
Tel: 1300 884 114

Information on privacy

Privacy policy

The Trustee is fully committed to comply with the National Privacy Principles in the way that information is stored and used. Full details on how this is achieved are contained within the Trustee's Privacy Policy.

Unless required or authorised by law, we will only provide your personal information to authorised service providers, such as the insurer or our administrator, who will use the information to administer your account and provide services, as well as process your claim and pay a benefit.

You are able to gain access to your personal information by asking for it. If you would like to review or make corrections to your personal information we hold or get a copy of the Trustee's Privacy Policy please contact Member Services. Depending on the circumstances, a fee may be payable for accessing your personal information.

You are able to request access to the personal information (including medical reports and any file notes) that is held in relation to you personally, with certain very limited exceptions.

If you are not satisfied that adequate precautions are being taken to protect your personal information, you may make a formal complaint. The complaint must be in writing and addressed to:

Privacy Officer
Local Government Super
PO Box N835, Grosvenor Place NSW 1220

More information

For more information regarding any of the topics contained in this section, please refer to the **Operational information** Fact Sheet available on the website or contact Member Services.

For more information

Local Government Super
Phone **1300 369 901**
Fax **(02) 9279 4131**

PO Box N835
Grosvenor Place
Sydney NSW 1220

Website www.lgsuper.com.au

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

Offices in Lismore, Orange, Parramatta and Wagga Wagga are available on an appointment only basis.

Bookings are essential. Phone 1300 369 901 to make an appointment.

General information in this PDS is subject to change. Certain information that is not materially adverse may be updated without issuing a supplementary PDS and may be obtained by calling Member Services on 1300 369 901 or by visiting www.lgsuper.com.au

A paper copy of the updated information will be available free of charge upon request.

