



Local Government **Super Product** disclosure statement

Retirement Scheme



How to use this Product Disclosure Statement

This Product Disclosure Statement (PDS) provides you with important details about the Local Government Super (LGS) Retirement Scheme including:

- Putting money into and taking it out of the Retirement Scheme
- Fees and other costs
- Investment strategies available to you
- The objectives and associated risks of the investment strategies
- Complaints resolution and privacy information.

The purpose of this PDS is to provide clear, concise and effective information which will help you compare it with other superannuation funds.

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 this advice, consider the appropriateness of the advice having regard to your objectives, financial situation and needs and seek advice from a qualified financial advisor before making any decision regarding your membership of LGS.

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 from Member Services on 1300 369 901 or the website at www.lgsuper.com.au

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Issue No. 5 - Dated 31 August 2011 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.

About Local Government Super

Local Government Super 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.

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.

Local Government Super is governed by a Trust Deed. When you join, you are bound by the Trust Deed.

The Local Government Superannuation Scheme Pool A and Pool B is collectively known as Local Government Super. Local Government Super is one of the larger superannuation funds in Australia with assets of approximately \$5.8 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).

Under the Trust Deed, Local Government Super is divided into two pools of assets and seven divisions. 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 B in Pool B.

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

The Retirement Scheme

The Scheme is a split benefit type scheme for certain employees of participating employers within the Local Government sector in NSW. Subject to limited exceptions specified in the Superannuation Administration Act 1996 (NSW), the Scheme is closed to new employees.

Your employer contributes on your behalf. Your contribution level determines the pace at which you build up your retirement benefits.

The Scheme provides benefits in the event of your death, invalidity and on leaving employment with a participating employer.

If you are no longer employed by a participating employer, in certain circumstances you may retain your benefits as a "deferred member" (see page 15 for more information), but a deferred member cannot make any further contributions.

About the Trustee

LGSS Pty Limited (ABN 68 078 003 497) is the Trustee of LGS (including the Scheme). LGSS Pty Limited is an APRA Registrable Superannuation Entity Licensee (RSEL: L000243).

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

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

The Trustee is located at:

Level 12, Local Government House,
28 Margaret Street, Sydney NSW

Contact details are:

Tel (02) 9333 3000
Fax (02) 9333 3099
www.lgsuper.com.au

*As at 31 June 2011



About the service providers

The administrator is FuturePlus Financial Services Pty Limited who attends to the day-to-day operation of LGS 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.

The service providers' charges are not additional charges to those applied to the Scheme as detailed in the 'Fees and other costs' section.



Retirement Scheme

Who can join?

The Scheme is closed to new members, except for:

- persons taking up employment with a Local Government employer and as part of this employment wish to transfer their membership in the State Authorities Superannuation Scheme (SASS) or the Energy Industries Retirement Scheme; and
- certain members of the Scheme and the Defined Benefit Scheme who have suffered a 20% or more salary reduction and have taken up an option to defer their accrued benefit in their respective Scheme.

Earlier Schemes

There are a number of 'special' provisions that apply to members who originally joined one of the schemes which preceded the establishment of SASS in 1988. It is not possible to detail all of these special provisions and members who originally joined one of these earlier schemes are advised to check with Member Services as to which of the provisions might apply to them. The earlier schemes and a summary of the special provisions are as follows:

NSW Retirement Fund (NRF)

- Special contribution points up to age 45
- Pension options under some circumstances
- Minimum benefits payable on death or invalidity.

Local Government Insurance Fund

- Minimum benefits payable on death or invalidity.

Local Government Provident Fund

- Minimum benefits payable on exit.

Local Government Benefits Fund

- Minimum benefits payable on death or invalidity
- Some female members have a retirement age of 55
- Some former Sydney Electricity employees have a retirement age of 55.

Local Government Pension Fund

- Pension options under some circumstances
- Minimum benefits payable on death or invalidity
- Children's pensions payable on death
- Additional benefits payable on death or invalidity under some circumstances
- Additional benefits payable to age 60 under some circumstances.

Public Authorities Superannuation Scheme (PASS)

- Additional benefits payable to age 60 under some circumstances.

State Public Service Superannuation Fund (SPSSF)

- Benefit points have higher nominal value of 3% of salary
- Retirement age is 55
- Maximum points to age 55 is 162
- Can accrue a maximum of 6 points per year between ages 56 – 58.

Your Account

Your account consists of the following components:

- A Contributor Financed Benefit (CFB), which is made up of your Personal Account
- An Employer Financed Benefit (EFB)
- A non-contributory Basic Benefit
- An Other Contributions Account.

You cannot generally leave while you remain an eligible employee unless you attain age 65, in which case you can leave the Scheme regardless of your employment status. In some circumstances of severe financial hardship and under APRA approved compassionate grounds, you may be able to withdraw some funds while still remaining a member.

Personal Account

Your Personal Account is used for the purpose of receiving contributions made by you to meet your Defined Benefit obligations. This is the 1 - 9% of salary that you elect to contribute.

This account is used for the payment of any Administration costs or Additional Benefit Levy that may be payable in relation to your membership.

Your CFB is one component of the calculation of your benefit entitlement. If you have an overpayment (or an underpayment) in respect to your CFB, it will be reflected on your annual statement.

Employer Financed Benefit

This is the employer funded portion of your benefit and is based on your Accrued Benefit Points and reason for withdrawal.

Basic Benefit

The Basic Benefit is made up of two components;

- a non-contributory fully employer funded benefit which is generally equal to 3% of either your average salary or final salary (depending on the circumstances of exit) for each year of service since 1 April 1988, and
- an Other Contributions Account, which is the accumulation component of your Basic Benefit. This account can be used for the purpose of making additional contributions and rolling over amounts from other superannuation funds. This account is also able to accept Government Co-contributions.



Contributions

Personal contributions

As a member of the Retirement Scheme, you are required to contribute between 1% and 9% of your salary. Your contributions are deducted from your salary each pay day by your employer and forwarded to LGS where they are credited to your Personal Account. Additional amounts can also be contributed to your Other Contributions Account as top-up contributions.

These contributions can be paid as salary sacrifice, post-tax or a combination of both.

Any salary sacrifice contributions must be arranged with and agreed to by your employer. Your employer may have restrictions applying to the availability of salary sacrifice so it is important that you check first. It is also important that you consider how appropriate salary sacrifice is for you and understand the taxation considerations that apply, the effect these contributions will have on your final benefit and the effect on your after-tax income. You can also speak to one of our Financial Planners before making any decisions to see how salary sacrifice may affect you.

Each year you have the opportunity to change your contribution rate, which takes effect from 1 April. You can vary your percentage contribution rate to suit your financial circumstances from year to year. During the years of heavy demands on your salary you can contribute at a lower rate which suits your budget commitments. But when things get a bit easier for you financially, you can increase your contributions.

Generally, the amount you contribute will be adjusted on the first salary payment in April each year, to take account of any change in your salary up to the preceding 31 December, and any variation in your selected percentage rate of contribution. The higher the percentage contribution rate you choose, the higher your final benefit will be, within certain maximum limits.

Each year you will be sent an Annual Statement which details your current percentage contribution rate, Personal Account balance and accrued benefit entitlements as at 30 June.

The Trustee may approve the percentage rate of contribution being reduced to as low as 0% for a limited time on the grounds of financial hardship (e.g. whilst on maternity leave or sick leave without pay). Some periods of leave without pay do not count as service and contributions are not payable during such periods. Members proceeding on leave without pay should check with their employer or Member Services as to whether or not they will be liable to pay contributions during that period.

Concessional contributions

Concessional contributions are contributions which are paid by your employer as either part of their obligatory requirements or on your behalf out of pre-tax salary. All concessional contributions are taxed at 15% provided you have supplied the Scheme with your TFN.

Concessional contributions in the Retirement Scheme include:

- Notional Taxed Contributions (NTC) representing the equivalent employer contributions that your employer would have made towards your defined benefit;
- Award based or additional employer contributions; and
- Salary sacrifice contributions.

Retirement Scheme members do not receive Superannuation Guarantee (SG) contributions in the same way as Accumulation Scheme members.

Concessional contributions cap

Under current legislation there is a cap on the amount of concessional contributions that you and/or your employer can make in a financial year. Amounts in excess of the cap will also count towards the non-concessional cap.

The current concessional cap is \$25,000 p.a. (this amount will be indexed to Average Weekly Ordinary Time Earnings but will only increase in \$5,000 increments). Contributions within the cap will be taxed at 15% by the Scheme.

Amounts exceeding the concessional contributions cap

Amounts in excess of this cap will be taxed an additional 30% plus the Medicare levy which the Australian Taxation Office (ATO) will charge to you directly. This is in addition to the tax already paid on these contributions. If the ATO notifies you that an additional tax amount is to be paid for amounts in excess of the cap, you can nominate Local Government Super to release monies from your account to pay the liability or you can pay the ATO directly. If all or part of your super is in a defined benefit fund, you will need to pay the excess contributions tax from your own money.

Transitional arrangements

Until 30 June 2012 people who are aged 50 and above have a non-indexed concessional contributions cap of \$50,000 per financial year. Amounts in excess of this cap are treated as explained above.

Non-concessional contributions

Non-concessional contributions are personal contributions which are paid from after-tax salary or contributions paid on your behalf by your spouse. These contributions are not taxed (if within the cap amount) either when contributed to or withdrawn from super. These contributions can be made periodically or as single amounts.

Non-concessional contributions cap

Under current legislation there is a cap on the amount of non-concessional contributions that you can make in a financial year.

Non-concessional contributions are capped at \$150,000 (this amount is linked to and capped at six times the concessional contribution limit) per year. However, those under age 65 can bring forward two years' worth of contributions, giving them a cap of \$450,000 over three years. Contributions in excess of the concessional cap will count towards the non-concessional cap.

For example, if you were to contribute \$450,000 in the current financial year, for the next two financial years you would not be able to make non-concessional contributions without exceeding the cap.

Amounts exceeding the non-concessional cap

If you exceed this cap, the contributions in excess of the cap will be taxed at the highest marginal tax rate plus the Medicare levy (this will be assessed by the ATO and any tax payable will be payable by you). This is in addition to any tax already paid in connection with these contributions. You must provide the ATO Release Authority to the Trustee within 90 days of the date of issue to release money from your superannuation account to pay the tax liability, either to the ATO or have the Trustee reimburse you from your superannuation account.

Acceptance of non-concessional contributions

The following conditions need to be satisfied for you to make non-concessional contributions:

- Your TFN must have been supplied. If your TFN has not been supplied the contribution will not be accepted and will be refunded
- Between ages 65 and 70, you will need to satisfy the work test which requires that you have worked at least 40 hours in a period of not more than 30 consecutive days during the financial year to which the contributions relate
- Persons aged 70 or more cannot contribute to the Retirement Scheme.

Rollovers and transfers in

The Scheme accepts transfers of benefits from other superannuation funds, including superannuation split amounts resulting from a Family Law settlement or order and superannuation lump sum (SLS) payments.

Government Super Co-contributions

The Federal Government makes contributions to the superannuation account of an eligible income earner of up to an amount equal to the personal contributions made by the income earner.

To qualify for a Co-contribution, you must, in the financial year in which the personal contribution is made:

- Make personal non-concessional superannuation contributions to a complying superannuation fund or retirement savings account
- Have a total income (assessable income plus any reportable fringe benefits) of less than \$61,920*
- Have earned at least 10% of your total income from eligible employment, running a business or a combination of both
- Not have held any eligible temporary resident visa at any time during the year
- Have lodged an income tax return for the year of income
- Be less than 71 years old at the end of the year of income.

The Commonwealth Government will contribute \$1.00 for every \$1.00 contributed to a maximum of \$1,000 (where the contributor's annual income is less than the lower income threshold of \$31,920*). The Co-contribution amount phases out as income increases at the rate of 3.333 cents in the dollar and is no longer available where the annual income is \$61,920 (the higher income threshold) or more. The minimum Co-contribution amount is \$20.00.

*The thresholds shown are for the 2011/2012 financial year only.
The payment and amount of the Co-contribution are subject to Commonwealth Government policy and may change.



Salary and benefit points

Salary for contribution purposes

Your salary for the purpose of calculating the amount of your contributions is your gross annual salary as at 31 December prior to each contribution year, as certified by your employer. For all members (other than an executive officer*) salary means the sum of:

- the monetary remuneration payable to you; plus
- some allowances (including shift allowances) paid in the 12 months before 31 December each year that are included in the definition of 'Ordinary Time Earnings'; plus
- weekly workers compensation paid to the member that are included in the 'Ordinary Time Earnings' definition; plus
- the value of any private use of a motor vehicle provided by your employer; plus
- the value of any child care provided by your employer; plus
- the amount of any voluntary employer (salary sacrifice) superannuation contributions; plus
- the value of any other salary sacrifice arrangements and any associated fringe benefits tax payable on other arrangements.

Reduction in salary

In certain circumstances where a member may suffer a 20% or more reduction in their attributed salary (if you are employed on a part time basis, the salary that you would be paid if working full time) and the employer certifies the reduction, the member can elect to defer their accrued entitlements on the pre-reduction salary and elect to rejoin the Scheme. Please contact Member Services for more information on this matter.

Salary and final average salary for benefit purposes

When determining benefit entitlements, either final salary or final average salary is used. Final salary is the salary payable at the member's exit date, while final average salary is generally the average of the salaries at:

- (a) the exit date;
- (b) on 31 December last preceding the exit date; and
- (c) on 31 December preceding the 31 December referred to in (b).

Benefit points system

Your Employer Financed Benefit is related to your benefit points and is a function of the length of your period of contributory membership and your final salary or final average salary. The benefit points system is the link between employee contributions and Employer Financed Benefits. Subject to the maximum number of benefit points that will attract Employer Financed Benefits, it works in the following way for full-time employees:

- For each 1% of salary you contribute in a year, you generally accrue 1 benefit point.
- For most employment termination reasons, each benefit point you have accrued provides you with an employer financed lump sum benefit of generally 2.5% of either final salary or final average salary, depending on the circumstances of your exit.

For example, if you joined on 1 July 1988 and by the early retirement age (usually 58) you have contributed an average 6% of salary for 30 years, you would accrue 180 benefit points ($6 \times 30 = 180$). This would provide an Employer Financed Benefit of 4.5 times final average salary (i.e. $180 \times 2.5\% = 450\%$ or 4.5). Please note that accrued rates vary for members of some of the older schemes.

*Special arrangements for determining a member's superable salary apply to executive officers. Any questions about the appropriate salary to use for contribution purposes should be referred to your employer or to our Member Services.

You should be aware that for most members, the maximum number of benefit points which attract the Employer Financed Benefit for a full-time member is 6 times the number of years of your membership, or 180 benefit points, whichever is the lesser.

Therefore, the quickest period in which you will generally be able to accrue 180 points which all attract the maximum Employer Financed Benefit is 30 years ($180/6 = 30$). You can, however, still get 180 benefit points if you contribute at less than an average of 6 benefit points per year; it will just take you longer. For example, at an average of 5 benefit points per year it will take 36 years ($180/5 = 36$).

You need not contribute at the same percentage rate of your salary for every year. You can contribute within the range of 1% to 9% each year, and plan to accrue the maximum benefit points (an average of 6 per year) over the whole period of your contributory membership.

However, maintaining your accrued benefit points at, or above, the maximum available benefit points during your membership, will also maximise your Employer Financed Benefit if you exit earlier due to death, invalidity or retrenchment.

For details about the application of the benefit points system in respect of a period of part-time employment and leave without pay, please contact Member Services.



Insurance

Additional Benefit Cover

Additional Benefit Cover is a form of insurance cover available to members on an optional basis and is subject to meeting prescribed medical standards. It is payable when you cease employment due to total and permanent invalidity or death. The purpose of this is to help compensate you for the difference between the standard benefit and the benefit you would have received had you been able to remain in employment until after your early retirement age.

Consider these features:

- It is payable on top of both the standard benefit available to all contributors and the basic benefit, where retirement due to total and permanent invalidity or death occurs prior to your early retirement age.
- The total benefit payable can be as much as 7 times final salary or even more (including the Basic Benefit).
- The cost to you is minimal, as your employer finances around 75% of the cost of additional benefit cover.

Additional benefit cover is based on prospective benefit points. These are the extra points that it is assumed you would have accrued by the early retirement age, had total and permanent invalidity or death not occurred. Each prospective benefit point is worth 4% of final salary (or final average salary if it is higher). Note the number of prospective benefit points plus accrued points cannot exceed 180.

What is the cost?

As stated earlier, a member's employer pays 75% of the total levy for this cover. So, a member's levy can be found using the following calculation:

$(\text{Amount of cover} \times \text{rate for age}^* \div 1000) \times 25\%$

For example, a member has \$150,000 of Additional Benefit Cover and is currently aged 39. The standard member levy would be:

$(\$150,000 \times 1.8 \div 1000) \times 25\% = \$67.50 \text{ per annum or } \5.63 per month

The levy rates are considerably lower than those charged by commercial insurers for similar products. It is deducted each month from your Personal Account and is shown on your Annual Statement.

You can apply to Member Services for the cover at any time up to your early retirement age. If you are close to your early retirement age, or already close to having 180 accrued benefit points (early retirement age or obtaining 180 accrued benefit points would mean that cover would cease), we suggest you obtain relevant details from Member Services in case the cover is not appropriate.

There is no continuation option for additional benefit cover after cessation of employment.

Eligibility for cover

Most applications will be assessed on the information provided on the application form. However, if we are unable to make an assessment of your eligibility for additional benefit cover from this information, you may be required to provide additional information or undergo a medical examination. Additional benefit cover will commence from the day your application is approved and the levy generally becomes payable about six to eight weeks after approval.

Additional benefit levy rates (per \$1,000 sum insured)

Age next birthday	Male	Female	Age next birthday	Male	Female
16	0.4	0.4	39	1.8	1.8
17	0.4	0.4	40	1.8	1.8
18	0.8	0.8	41	2.1	2.1
19	1.2	1.2	42	2.4	2.4
20	1.2	1.2	43	2.7	2.7
21	1.0	1.0	44	3.0	3.0
22	0.8	0.8	45	3.3	3.3
23	0.6	0.6	46	3.7	3.7
24	0.5	0.5	47	4.2	4.2
25	0.5	0.5	48	4.8	4.8
26	0.5	0.5	49	5.5	5.5
27	0.6	0.6	50	6.3	6.3
28	0.8	0.8	51	7.1	7.1
29	0.8	0.8	52	8.7	8.7
30	1.0	1.0	53	10.5	10.5
31	1.0	1.0	54	13.5	13.5
32	1.2	1.2	55	16.9	16.9
33	1.2	1.2	56	20.3	20.3
34	1.2	1.2	57	23.7	23.7
35	1.2	1.2	58	27.8	27.8
36	1.2	1.2	59	0	0
37	1.2	1.2	60	0	0
38	1.5	1.5			

Benefits

What benefits are payable?

Benefits are payable on:

- Resignation, discharge, dismissal
- Retrenchment
- Retirement
- Invalidity and
- Death.

There is also provision, in certain circumstances, for a member to defer their benefit in the Scheme (see page 15 for details).

All benefits are subject to preservation and must meet a condition of release before being able to be taken as a lump sum cash amount.

When a condition of release is not met, your benefit can remain as a Deferred Account until a condition of release is met or rolled over to another superannuation fund.

How are benefits calculated?

Benefits payable consist of the following components:

- A Contributor Financed Benefit, which is the balance of credit in your Personal Account, being your contributions plus net investment earnings, less the Administration Fee and, if appropriate, less the additional benefit cover levies
- An Employer Financed Benefit*, which is generally 2.5% of either final average salary or final salary (depending on the circumstances of exit) for each 1% of salary you contribute, subject to the maximums
- A non-contributory Basic Benefit, which is 3% of either final average salary or final salary (depending on the circumstances of exit) for each year of service from 1 April 1988
- Other Contributions Account, which is made up of any additional contribution amounts and rollovers.

How is the benefit paid?

Generally, benefits are paid as a lump sum. However, there are pension options available to some members.

Members who were at one time in either the Local Government Pension Fund or the NSW Retirement Fund have retained the option to convert all or part of their employer financed lump sum benefits (and additional benefits where applicable) to pensions. This can be done where a member retires after reaching age 60 or is totally and permanently incapacitated or dies before reaching retirement age.

The pensions are payable for life and in some cases there is an option to take them as a reversionary (i.e. with a spouse pension payable to a surviving spouse) or non-reversionary benefit. They are adjusted annually in line with increases in the Consumer Price Index and are fully 'rebatable', i.e. they attract a tax rebate equal to 15% of the total pension payment.

Children's pensions are also payable under some circumstances where deceased members were at one time in the Local Government Pension Fund. For members who are not eligible for one of the above mentioned pension options, LGS has a separate Account-Based Pension Plan that they are able to join.

Minimum Superannuation Guarantee benefit

All Employer Financed Benefits accrued from 1 July 1992 must meet the requirements of the Commonwealth's Superannuation Guarantee legislation. Basically this means that the value of those benefits must equal the amount that would have accrued had the employer paid Superannuation Guarantee contributions into an accumulation scheme. LGS has actuarial certification that it will in all circumstances enable your employer to satisfy the requirements of the Superannuation Guarantee legislation through its participation in the Scheme.

Resignation, discharge or dismissal prior to early retirement age

If you leave under one of these circumstances, you have a choice between receiving an immediate cash benefit, or deferring the benefit for payment later. This payment would be made in the case of total and permanent invalidity, death, retirement from the workforce, or attaining the early retirement age (generally 58, but may be age 55 for some members depending on your earlier scheme membership).

If you have not contributed for at least 10 years, special rules apply. Contact Member Services for more information.

Retrenchment

Retrenchment occurs where, prior to the contributor attaining the early retirement age, the employer certifies to the Trustee that the contributor has been retrenched and there are no other superannuation benefits payable from the Scheme.

Retirement

On any form of exit at or after the early retirement age, the benefit will generally comprise a:

- lump sum equal to the balance in your Personal Account; plus
- lump sum Employer Financed Benefit; plus
- lump sum Basic Benefit.

Some of the benefit may not be payable at the time of exit - see the Preservation section on page 32 for more details. Where some members with Additional Benefit Cover terminate employment prior to reaching age 60 due to death or total and permanent invalidity, additional benefits are payable. These include members who were at one time members of the old Public Authorities Superannuation Scheme.

Invalidity prior to early retirement age

A benefit is payable if a member is retired prior to their early retirement age on the grounds of physical or mental incapacity to perform his or her duties. There are two categories of benefit, which are determined by the severity of the invalidity. These are Partial and Permanent Invalidity (PPI) or Total and Permanent Invalidity (TPI).

Partial and Permanent Invalidity

The Partial and Permanent Invalidity benefit applies where a member, before attaining their early retirement age, retires from employment with an employer and the Trustee is satisfied:

- that the retirement was due, directly or indirectly, to the permanent physical or mental incapacity of the contributor (not being caused by the contributor and intended to produce the incapacity); and
- that the contributor, due to that incapacity, is permanently unable to perform the duties that were required to be performed before suffering the incapacity.

Some members who originally joined one of the earlier schemes (mainly the Benefits Fund) have guaranteed minimum benefits which are equivalent to those that would have been payable had they remained in that scheme. It would be expected, however, that only very few members would now be eligible for a 'guaranteed' minimum benefit. Contact Member Services if you think this may apply to you.

Total and Permanent Invalidity

The Total and Permanent Invalidity benefit applies where a member, before attaining the early retirement age, retires from employment with an employer and the Trustee is satisfied:

- That the retirement was due directly or indirectly to the permanent physical or mental incapacity of the contributor (not being caused by the contributor and intended to produce the incapacity)
- That the contributor, at retirement, is permanently unable to engage in any paid employment in which, in the opinion of the Trustees, it would be reasonable to expect the contributor to engage.

The benefit is the same as that paid for PPI plus the Additional Benefit Cover where the member qualifies for the cover. This is 4% of final salary or final average salary (whichever is the higher) for each prospective benefit point to early retirement age.

Former members of the old Local Government Pension Fund may also qualify for payment of what is commonly called an 'additional additional benefit'. This is calculated as 1% of final salary for each prospective benefit point (calculated to age 65) which does not attract an additional benefit payment. Some members of earlier schemes (e.g. the Local Government Benefits Fund and the NSW Retirement Fund) may also have guaranteed minimum benefits equal to the benefits they would have received had they stayed in their old schemes.

Binding nomination

The Trustee provides members with the option of making a binding death benefit nomination in favour of their legal personal representative and or dependant(s). If you make and maintain a binding death benefit nomination, the Trustee must distribute the benefit on your death in accordance with that binding death benefit nomination.

What is the definition of dependant?

A dependant is defined under superannuation law as:

- The deceased person's spouse;
- The deceased person's child;
- Any other dependant of the deceased person;
- Any other person with whom the deceased person had an "interdependency relationship"* just before he or she died.

*Two persons have an interdependency relationship if:

- They have a close personal relationship; and
- They live together; and
- One or each of them provides the other with financial support; and
- One or each of them provides the other with domestic support and personal care.

Can I nominate more than one dependant?

Yes, you may nominate more than one dependant provided that the person you nominate meets the definition of a dependant as outlined above. If you do make a nomination to more than one dependant, your nomination must state the proportion of the benefit that will be paid to each such dependant, with the total allocation equalling 100% of the benefit.

How do I make a valid binding death nomination in favour of my dependant?

To make a binding death benefit nomination in favour of your dependant(s) you must complete an LGS 'Binding Nomination' form (available from Member Services or our website) and return it to us. For the Trustee to consider your binding nomination form to be valid and effective the following conditions must be met:

- The form must state the proportion of the benefit that will be paid to each such person with the total allocation equalling 100% of the benefit.
- It must be signed and dated by you in the presence of two witnesses who are at least 18 years old AND are not a person nominated on the form.

You must send your binding death benefit nomination form to the Trustee. The Trustee will only be bound by the nomination if all of the nominated dependant(s) survive you and are your dependants at the time of your death.

If you make and maintain a valid binding death benefit nomination, the Trustee must distribute the benefit payable on your death in accordance with that nomination.

There are strict legal requirements for a binding nomination to be validly made and to remain valid. You can amend or revoke your nomination at any time. To remain valid, a binding nomination must be renewed at least every 3 years.

When you make a valid binding nomination we will confirm in writing back to you that the nomination has been made. If you make a binding nomination that we consider to be invalid we will write to you advising that we are unable to accept the binding nomination.

When does a valid binding nomination become effective and how long is it in force for?

If you make a valid binding nomination it becomes effective from the date it is received by the Trustee.

A binding nomination will usually expire and cease to have effect 3 years after being made or last amended. You can confirm it at any time, which extends the term for another 3 years from the confirmation date.

The Trustee must follow a valid binding nomination, regardless of whether your circumstances have changed, so it is important that you keep it up to date.

Payment of a death benefit where you have not made a nomination or your nomination is invalid

The rules regarding to whom a death benefit is payable are as follows. If:

- (a) your binding death benefit nomination notice is not valid at the time of your death; or
- (b) you have not made a nomination

The Trustee shall pay the benefit to one or more of your legal personal representative or dependants.

Benefits will be paid to your legal personal representative by way of a lump sum which will form part of your estate. If you die leaving a Will, that lump sum will be distributed according to your Will. If you do not leave a Will and letters of administration for your estate have been taken out, the benefit will be distributed according to law.

WARNING: If you are a member of the Retirement Scheme who has a reversionary spouse entitlement because of your predecessor scheme membership, then you should note that the reversionary pension can only be paid to the spouse. Where a member has a reversionary spouse entitlement and the member makes a binding nomination, the binding nomination will not be valid. The member's spouse will continue to be entitled to the reversionary spouse entitlement. In all other cases where a death benefit becomes payable, the Trustee will follow your binding nomination.

Benefit components

Where a member dies in service before attaining the early retirement age, the benefit is calculated in a similar manner as the benefit payable on TPI. However no 15% contribution tax reduction is applied to the employer benefit.

When notification is received that a member is deceased, the balance in both the member's Personal Account and Other Contributions Account (if applicable) will be automatically switched into the Cash investment strategy and remain there until the death benefit is paid.

Special age provisions for members 65 or over

At any time after reaching age 65, you have the option of terminating your active membership in the Scheme and can be paid or defer your total benefit even though you are not retired. Your employer would then be required to make Superannuation Guarantee contributions to the Accumulation Scheme up until the time you reach age 70, or terminate employment, whichever is sooner. If no election is made, on reaching age 70, while you can remain a member of the Retirement Scheme, you are not entitled to make further contributions or accrue further Benefit Points. Your benefit will be calculated in accordance with the applicable rule when either you make an election or a payment rule applies. No fund investment returns, whether positive or negative, will be applied to the defined portion of the benefit (including the Basic Benefit), however they will continue to apply to the Contributor Financed Benefit and any Other Contributions Account. You should seek advice from a professional financial planner before making any decision regarding your benefit.

Deferred Benefit

Upon resignation, discharge, or dismissal, you can, as an alternative to receiving the cash benefit immediately payable on exit, elect to defer your benefit. Deferral allows an employee who leaves prior to retirement to retain considerable retirement benefit entitlements.

A Deferred Benefit will be paid on application:

- at or after retirement from the workforce,
- on early retirement age (generally age 58 but in some cases age 55),
- when you have reached your preservation age and have met a condition of release, or
- earlier upon total and permanent invalidity or death.

The total amount deferred (i.e. the balance in your Personal Account, the Employer Financed Benefit and the Basic Benefit) will accumulate investment earnings from the time it is deferred until the benefit is paid.

At any time prior to retirement from the workforce, you can elect to take the cash amount which would otherwise have been paid to you at the time of exit, together with the net earnings accumulated on that amount at the rate credited to accounts generally, from the date of exit to date of payment. Note that in choosing the cash withdrawal option, you will forego most (or all) of the Employer Financed Benefit accrued during your membership of the Scheme.

Members who are eligible to be paid a retrenchment, partial and permanent invalidity or retirement benefit also have the option of leaving their benefits in the Scheme as deferred benefits. In doing so they retain the right to be paid the full amount of the benefit at any time, subject to the Commonwealth's preservation rules.

Fees and other costs

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your account, from the returns on your investment or from the Scheme's assets as a whole. You should read all the information about fees and other costs because it is important to understand their impact on your investment.

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 the 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.moneysmart.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 LGS does not charge contribution fees and the management fees cannot be negotiated.

Current fees and other costs

This table shows fees and other costs that you may be charged.

Type of fee or cost	Amount	How and when
Fees when your money moves in or out of the Scheme		
Establishment fee: This is the fee to open your initial investment.	Nil	N/A
Contribution fee: This is the fee for the initial and every subsequent contribution amount you, or your employer, make to your investment.	Nil	N/A
Withdrawal fee: This is the fee on each amount you take out of your investment (including any instalment payments and your final payment).	Nil	N/A
Termination fee: This is the fee to close your investment.	Nil	N/A
Management Costs: The fees and costs for managing your investment¹		
Fees deducted directly from your account:	\$4.33 per month.	Deducted monthly directly from a member's account.
Administration costs - This fee contributes to meeting the operating expenses of the Scheme.		
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 (excluding abnormal expenses). Transaction costs ² are not included in Management Costs and are paid from the investment strategy.	For a contributory member a current maximum of 0.55% p.a. or \$5.50 per \$1,000 of assets invested per annum in any of the investment strategies. If you have a basic benefit accumulation account you will also be charged a current maximum of 1.00% p.a. or \$10.00 per \$1,000 of assets invested per annum in any of the investment strategies. For a deferred member a current maximum of 1.00% p.a. or \$10.00 per \$1,000 of assets invested per annum in any of the investment strategies.	These fees are calculated on the average value of assets at market value and deducted daily prior to investment returns being declared and credited to members' accounts.
Service fees³		
Investment Switching fee: This is the fee for when you switch between investment strategy options.	First switch out of Growth free. Then one free switch per year with each subsequent switch \$20.	N/A

Additional explanation of fees and costs

Performance fees

The Trustee has entered into performance fee agreements with a number of investment managers. As at the date of this PDS, those managers with whom there are performance fee arrangements in place are shown in tables 1 and 2 on the following page. The performance fees form part of the management costs. We will update our website when we enter into any new arrangements.

1. The amount you pay on specific investment strategies is shown in the Fees and Other Costs section.

2. Transaction costs include brokerage, government taxes, duties and levies, bank charges and account transaction charges.

3. Additional fees such as Family Law fees may apply.

A performance fee is only payable if the returns have exceeded the hurdle rate (performance benchmark). For all investment managers, underperformance will be carried forward and taken into account in the calculation of the performance fee in future periods. The impact on any particular strategy will depend on the proportion of funds managed by the relevant investment manager. For example, if a particular investment manager manages 10% of a strategy's portfolio, then the impact on the strategy will be one tenth of the percentage listed on the table below.

Table 1

Manager	Sector	Fund	Calculation of performance fee	Hurdle rate (performance benchmark)
Queensland Investment Corporation	Cash	Enhanced Cash Fund	20% of excess performance	UBSA 90 day bank bill index
Macquarie Investment Management	Absolute Return	Credit mandate	15% of excess performance	UBSA 90 day bank bill index plus a margin
Quentin Ayres	Private Equity	Quentin Ayres program	5% of performance	RBA cash rate plus a margin
Quentin Ayres	Semi Liquid Funds	Quentin Ayres program	5% of excess performance	RBA cash rate plus a margin
Independent Asset Management	Australian Equities	Australian Equities mandate	15% of excess performance	S&P/ASX 200 index
Attunga Capital	Absolute Return	Attunga Enviro Opportunities Fund	20% of profits	0%
H3 Global Advisors	Absolute Return	H3 Global Strategies Fund	20% of profits	0%
Winton Capital	Absolute Return	Winton Global Alpha Fund	20% of profits	0%

Note: High water marks apply for all performance fees calculations in Table 1.

Table 2

Manager	Sector	Fund	Calculation of performance fee
Macquarie Investment Management	Private Equity	Macquarie Clean Technology Fund	<p>After the return to the investor of an amount equal to the capital committed to the Fund:</p> <ul style="list-style-type: none"> ● the first 8% of return is paid to the investor; ● the next 5% of return is paid to the investment manager; ● thereafter, 90% of the return is paid to the investor, and 10% of the return is paid to the investment manager.
Wilshire Australia	Private Equity	Wilshire Asia No.2 Fund	<p>After the return to the investor of an amount equal to the capital committed to the Fund:</p> <ul style="list-style-type: none"> ● the first 15% of return is paid to the investor; ● the next 10% of return is paid to the investment manager; ● thereafter, 90% of the return is paid to the investor, and 10% of the return is paid to the investment manager.

Payments to Authorised Representatives

Authorised Representatives of LGS receive remuneration by means of salary only. No commission is paid by LGS or members.

Information on abnormal expenses

The management costs set out in this PDS do not incorporate an allowance for abnormal expenses (if any) to which the Trustee is entitled to be reimbursed from the Scheme. As at the date of this PDS, we do not anticipate any abnormal expenses to become payable.

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 for a contributory member is \$275 while the fee for a deferred member is \$110. The fee is inclusive of GST. The fee is payable by the person requesting the information. The payment should be in the form of a cheque or money order made payable to LGS.

Benefit split fee

This is a fee associated with a family law court split. The fee is \$88 and is generally payable by the member and non-member spouse in equal parts (\$44 each). The member's share of the fee is deducted from the member's account and the non-member's spouse's share is deducted from the non-member's spouse's splittable payment prior to transfer of the payment out of the Scheme.

Basis of fee calculation

Management costs and additional service fees are calculated on a cost recovery basis. Investment fees are determined and reviewed annually by the Trustee. The Trustee will give you appropriate notice (a minimum of 30 days) if fees and other costs are increased.

Buy/sell spread

A buy/sell spread is the costs associated with investing in, switching between or withdrawing from the investment strategies. Currently the Trustee does not apply a buy/sell spread for any of these transactions however the Trustee may choose to do so in the future.

All costs associated with any of these transactions (including brokerage and commission) are taken into account at the time of valuation for the investment strategy.

Investment costs

The Trustee has decided to establish a maximum fee limit that may be charged for contributory and deferred members. Please note that this is only a maximum and the actual fees charged will be lower, based on costs actually incurred. The actual level of fees charged will be disclosed in your member statement and in the Annual Report and will also be available from Member Services. The actual investment fees set as at 30 June 2010 were as follows:

Contributory members

Strategy	Investment fee for the contributor financed component	Investment fee for the accumulation component of the Basic Benefit
High Growth	0.45%	1.00%
Growth	0.42%	0.98%
Balanced Growth	0.41%	0.97%
Balanced	0.36%	0.92%
Conservative	0.32%	0.88%
Cash	0.16%	0.72%

Deferred members

Strategy	Investment fee
High Growth	1.00%
Growth	0.98%
Balanced Growth	0.97%
Balanced	0.92%
Conservative	0.88%
Cash	0.72%

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

Tax and insurance costs

Information in relation to taxation and your investment is set out in the Taxation section.

Information in relation to the insurance costs applicable to your investment are set out in the Insurance section.

Taxation rebate

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

Management costs

Indirect management costs (maximum 0.55% for the contributor financed benefit and 1.00% for the accumulation component of the basic benefit for contributory members and 1.00% for deferred members) are incorporated using an Indirect Cost Ratio which shows administration and investment costs deducted from the net assets for the Scheme. Transaction costs are not included.

Additional service fees (in relation to Family Law matters) are not included.

The extent to which ethical and social considerations are taken into account by Local Government Super are described in the How we manage your money section.

How it works

The below tables use the Balanced Growth investment strategy, as a guide to the general cost of the Scheme.

Example - Contributory member with no Basic Benefit accumulation component - balance of \$50,000 with contributions of \$5,000 during the year		
Type of fee or cost	Amount	How and when
Contribution Fees	Nil	For every \$5,000, or any amount you put in, you will not be charged any contribution fees.
PLUS Management Costs	\$51.96 + 0.41%	And , for every \$50,000 you have in your account balance you will be charged costs to a maximum of \$205.00 each year plus \$51.96 p.a. in administration costs regardless of your balance.
EQUALS Cost of Scheme		If you put in \$5,000 during a year and your balance at the end of the year is \$50,000, then for that year you will be charged a TOTAL fee of \$256.96 p.a. What it actually costs you will depend on the investment strategy option you choose.

Example - Contributory member with an Other Contributions Account component
Balance of \$50,000 with contributions of \$5,000 during the year (assumes a \$10,000 basic Other Contributions Account as part of the \$50,000 total benefit)

Type of fee or cost	Amount	How and when
Contribution Fees	Nil	For every \$5,000, or any amount you put in, you will not be charged any contribution fee.
PLUS Management Costs	Contributory component \$51.96 + 0.41% Other Contributions Account component Nil + 0.97%	And for every \$50,000 you have in your account balance you will be charged costs to a maximum of \$261.00 each year, plus \$51.96 p.a. in administration costs regardless of your balance.
EQUALS Cost of Scheme		If you put in \$5,000 during a year and your balance at the end of the year is \$50,000, then for that year you will be charged a maximum TOTAL fee of \$312.96 . What it actually costs you will depend on the investment strategy option you choose.

Example - Deferred member
Balance of \$50,000 with no contributions during the year

Type of fee or cost	Amount	How and when
Contribution Fees	Nil	Nil.
PLUS Management Costs	Nil + 0.97%	And for every \$50,000 you have in your account balance you will be charged costs to a maximum of \$485.00 each year.
EQUALS Cost of Scheme		If you put in \$5,000 during a year and your balance at the end of the year was \$50,000, then for that year you will be charged a TOTAL fee of \$485.00 p.a. What it actually costs you will depend on the investment strategy option you choose.

Increases or alterations to fees and other costs

Fees are determined and reviewed at least annually by the Trustee. The Trustee will provide you with at least 30 days notice if there is any increase in the maximum investment and expense recovery fee quoted in the PDS. Any movement in this fee below the quoted maximum (for example where the Balanced Growth investment strategy fee rises from 0.97% to 0.99%) will be reported to you in the Annual Report and will also be available from the website or Member Services.

Charges paid to managed investment schemes

LGS invests predominately through the Local Investment Fund (LIF), a wholesale investment trust.

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

All investment management fees and charges are deducted from the investment returns prior to the investment return for each strategy being deducted.

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

Operational information

Complaints resolution

Our commitment

The Trustee is committed to providing 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 Manager 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 Manager (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 the Scheme. You can only make a complaint to the Tribunal if you have first been through the internal complaints procedure outlined in this section. In exercising its powers, the Tribunal cannot alter or ignore the provisions of the 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 LGS 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

Regular reports on your investment

You will receive the following regular reports:

Member statements

These are issued annually (for the twelve month period ending 30 June) and show the current balance of your individual personal account, estimations of benefits, your preserved components and any transactions that have taken place over the period, including net investment earnings.

Annual Report

This will provide you with information on the management and financial condition of LGS and on its investment performance.

Unit pricing

The value of your account is expressed in terms of units. When money is allocated to your account, units in a selected investment are issued to you. The number of units purchased is dependant on the unit price for that day and the amount allocated to your account.

The unit price is the net asset value of the investment on a particular day divided by the total number of units on issue on that particular Business Day. The net asset value is the valuation of assets and liabilities (including indirect management costs) determined by the market price at a valuation point after allowing for transaction costs and the deduction of taxation and expenses.

Unit prices are calculated and declared for each business day, provided that all relevant information is available to the Trustee to make the declaration. There may be times when unit prices cannot be issued and payments are temporarily suspended. This may occur in times of extreme market volatility caused by political, financial year end, economic or any other crisis.

If this were to occur, an interim valuation method may be applied or payments suspended for a period of time.

Note: A Business Day is a day that the Australian Stock Exchange (i.e. both SEATS [Stock Exchange Automated Trading System] and DTF [Derivatives Trading Facility]) is open for trading in Australia.



How we manage your money

The Local Investment Fund (LIF) is a wholesale investment trust and the majority of the assets in the Scheme are invested through LIF. The Trustee of LIF is LIF Pty Limited, a wholly owned subsidiary of the Trustee of Local Government Super. The Trustee of Local Government Super is responsible for selecting and managing the range of investment managers which collectively manage the portfolio of each strategy within LIF (see the 'Investment managers' chart below).

Local Government Super adheres to the guiding principle that several carefully selected investment managers will, over any reasonable period, produce a better result, more consistently and with lower volatility, than a single manager.

Your investment is not guaranteed. The value of your investment can rise or fall.

Diversification

The investment pool is allocated to a range of investment managers. This is to ensure diversification of both investments and investment managers. Investment managers and/or their weightings are changed at appropriate times.

Sustainable investing

The Trustee believes that it is not only important to maximise investment returns, but also to invest in a way that favours companies and projects that show a commitment to our community and the environment. A few specific initiatives illustrate this below.

Investment managers

Local Government Super (LGS)							
Aust Equities	Int Equities	Listed Property	Aust Fixed Income	Int Linked Securities	Int Fixed Income	Cash	Absolute Return
Fortis Investments Management Australia	Wellington Lazard Asset Management	AMP Capital Investors	State Street Global Advisors	State Street Global Advisors	PIMCO	QIC	Macquarie Investment Management
BT Investment Management	MFS Investment Management			State Street Global Advisors			Blackrock Investment Management Australia
Independent Asset Management	LSV Asset Management						Attunga Capital Pty Ltd
Colonial First State	Vanguard Investments						H3 Global Advisors
Blackrock Investment Management Australia	Schroder Investment Management						Winton Capital

Property Fund	Illiquid Investments			
Local Government Super		Actis LLP	CHAMP Private Equity	Oaktree Capital Management
		Avenue Capital Partners	EQT Partners	Paul Capital Management
		Bain Capital partners	Golden Gate Capital	Fife Capital Management
				Canyon Capital Advisors
				Highland Capital Partners
				Macquarie Investment Management
				Wilshire Australia

Property holdings

The Trustee has adopted an environmental policy which, in part, is designed to increase energy and water efficiencies across those properties we directly own. Additionally, the policy encompasses waste reduction and recycling, indoor air quality, improving operations and maintenance, material and resources, OH&S and environmental risk management.

It is also now the current policy of the Trustee to source 100% of its energy requirements through green energy.

Socially responsible overlay

Our Australian equity managers invest in a range of companies which may operate in areas such as gambling, uranium mining, logging of old forests and the like, or have poor environmental mining or workplace practices. We run a separate portfolio that sells the equities we hold in these areas and purchases alternative equities in companies that have good social and environmental mining or workplace practices.

While we have only operated the overlay for a short time, it has performed reasonably well. However, more importantly, it ensures that your superannuation money is invested in industries that enhance the world we live in.

Member Investment Choice (MIC)

Member investment choice is the facility by which you can elect which investment strategy is to apply to your following benefit components:

For Contributory members

- Your Contributor Financed Benefit; and
- The Other Contributions Account

For Deferred members

- Your total account balance.

Member investment choice (MIC) will allow members to take more control of the way certain parts of their benefit are invested and which best suits their personal needs.

The investment choices will provide you with the opportunity to take a more active involvement and align your investment choice to your individual situation.

What parts of my benefit are available for investment choice?

As mentioned earlier, the components of your benefit to which MIC will be available is dependent upon whether you are a contributory or deferred member. If you are a contributing member, investment choice will only apply to the “accumulation” component of your benefit.

What happens if I do not make an investment election?

If you decide not to make an election, your benefit will remain invested in the Growth option.

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.

Inflation risk

A further risk is inflation. Although the investment may produce a positive return, when we compare this to the increase in the cost of living, you may find that your return hasn’t kept up with inflation, effectively reducing your purchasing power. You need to balance risk against returns in order to achieve your investment goals.

Credit risk

Investment in debt securities or other debt instruments can be subject to default risk. For example, where we buy a Bond that has a regular coupon (interest) payment and a capital repayment (the money you get at the end of the period of the bond), there is a risk that the organisation that issued the bond (credit issuer) may default on the interest payments, the capital repayment or both.

Bond investments with a non-investment grade credit rating (that is Standard and Poor's BB+ rating or an equivalent rating from another agency, or less) are subject to increased risks, compared with investment grade securities – rated AA for example. The credit issuer of a lower graded bond may be more likely to default on the interest payments, the repayment of capital or both. However it is more likely that these debt securities may provide a higher return, and we may still invest in lower grade securities.

Interest rate risk

Cash, cash-like securities and debt securities investments are affected by interest rate movements. Capital gains can be earned from debt securities investments where interest rates are falling and capital losses can occur when interest rates are rising. The risk of capital gain or loss tends to increase as the term to maturity of the investment increases.

Liquidity risk

Many investment strategies hold assets which are 'illiquid'. If we invest in illiquid assets, we may not be able to sell the investment at short notice, or we may need to sell our investment at a discount or a loss if we need to 'cash out' quickly. Examples are direct property, absolute return, private equity and non-listed alternative investments. Listed investments can also be illiquid where there is not an active market for the securities such as small companies' shares.

Diversifying across a range of investments and limiting holdings in potentially illiquid investments may help you manage the risks of illiquid investments.

Market risk

General economic conditions both in Australia and elsewhere in the world affect markets. Changes in government policies, interest rates, inflation, technological developments and demographic changes (alterations in the make-up of the population – such as the fact that on average the population of Australia is ageing), all affect investment markets as a whole causing the value of investments to rise and fall. We have no way of accurately predicting what will happen and how this will affect the markets.

Derivatives risk

The Trustee has a policy that is applied when approved investment managers trade in derivatives. This policy includes guidelines for writing and buying 'options', 'futures' and other derivatives. Derivatives can be used for many purposes, including hedging to protect an asset against market fluctuations, reducing costs of achieving a particular market exposure and maintaining benchmark asset allocations. Risks include:

Price – The risk that changes in prices in the market underlying a derivative contract, or in the derivative contract itself, are adverse to the position held.

Leverage – The risk that by creating greater exposure to a market than that of the assets backing the position, losses will be magnified.

Liquidity – The risk that a derivative position cannot be reversed.

Default – The risk that the other party does not meet its obligations.

Short selling risk

Short selling is a sophisticated technique where a share or bond is sold, for delivery at a later date, in anticipation that its value will decline over the period, and you will be able to buy it back at a cheaper price than you sold it. Of course if the price has gone up you can lose the difference between what you sold it for and what you need to buy it for (plus all the transaction, holding and other costs).

Currency risk

A portion of LGS's assets are invested internationally and therefore can be affected by currency movements.

As part of the Trustee's policy, all investments are fully hedged, while a currency manager is employed to put a passive hedge in place for LGS's international equity investments. This hedge position may move from time to time, but for benchmarking purposes a 50% hedge ratio is used.

Asset class risk

Risks for individual asset classes include:

Alternative assets – these assets can involve exposure to all of the risks applying to the traditional asset classes described in this fact sheet. In addition, many alternative assets are illiquid and can also involve the use of derivatives, gearing and short selling.

Australian equities – Specific risks relating to individual companies include profits and dividends being below expectations, adverse management charges or reassessment of the outlook for the company or industry.

Cash – Whilst it is unlikely that the market value of a cash investment will decline, longer-term returns are generally lower than other assets.

Debt securities – These investments normally pay a set amount of interest income over time but their market value can fluctuate. Overall returns over short-term periods can be negative. The value will fall if yields rise. Fixed interest investments are also subject to default risk.

International equities – Global economic trends, individual country risk factors as well as specific risks relating to individual companies will affect the price. There is also currency risk (unless hedged).

Capital gains may occur when the Australian dollar depreciates against other currencies and the capital losses may occur when the Australian dollar appreciates.

Property – Risks include vacancies, locational factors, unprofitable property development activities, declining property values and realised losses when properties are sold where the property investments are held in a listed entity. It will also attract some of the risks associated with share market volatility. Other risks include delays in obtaining required approvals, construction, leasing and market risk.

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 although 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.

Investment strategies in detail

The Scheme provides you with a choice of six investment strategies managed by professional investment managers. Each strategy offers a different potential rate of return and degree of volatility (or risk). You can select only one of these strategies at any time. Remember that for contributory members, the employer financed component of your benefit is not available for MIC.

The investment strategies available are:

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

What happens if I want to change my investment strategy

Members can change their investment whenever they want and as often as they want. You will simply need to complete a Changing Investment Strategy form and mail it to us. Once we receive your application we will process the switch. You can switch between investment strategies once per financial year free of charge. A \$20 fee is deducted from your account when switching more than once per year.

Changes to asset allocations

The asset allocation in each of the asset sectors are designed to give the Trustee enough flexibility to make investments in accordance with each sectors objectives. However, over time it may be necessary for the Trustee to adjust the asset allocation of the relevant asset sector to ensure that the asset sectors in which it invests continues to reflect the sectors underlying objectives.

High Growth investment strategy

Definition	For high investment growth above the Consumer Price Index (CPI) over the longer term. 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 CPI 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.	
Asset allocation	Asset class	Asset allocation range
	Australian equities	30-40%
	International equities	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	3-13%
	Cash	0-10%
	Australian direct property*	0-10%
	Semi liquids*	0-10%
	Private equity*	5-15%
Defensive Illiquids*	0-5%	
Objective	4.5% net investment return per annum above CPI, measured over a rolling 7 year period**	
Time horizon	7 years	
Risk profile	High. 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.	

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

** Objective net investment returns is net of fees but not net of taxes.

Growth investment strategy

Definition	For real investment growth above the CPI over the medium to longer term. For investors who want a high exposure to Australian and international equities and property and are prepared to accept more risk. The emphasis is on growth so investors should be prepared for some potential short-term volatility. 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.	
Asset allocation	Asset class	Asset allocation range
	Australian equities	21-31%
	International equities	20-30%
	International listed property	0-6%
	Australian fixed income	0-10%
	Australian inflation linked bonds	0-10%
	International fixed income	0-10%
	Absolute return funds	6-16%
	Cash	0-10%
	Australian direct property*	0-10%
	Semi liquids*	0-10%
	Private equity*	1-11%
Defensive Illiquids*	0-6%	
Objective	3.5% net investment return per annum above CPI, measured over a rolling 5 year period**	
Time horizon	5 years	
Risk profile	High/Medium. 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.	

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

** Objective net investment returns is net of fees but not net of taxes.

Balanced Growth investment strategy

Definition	For real investment growth above the CPI over the medium to longer term. For investors who want a high exposure to Australian and international equities and property and are prepared to accept more risk. The emphasis is on growth so investors should be prepared for some potential short-term volatility. 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 and Growth strategies.	
Asset allocation	Asset class	Asset allocation range
	Australian equities	21-31%
	International equities	20-30%
	International listed property	0-6%
	Australian fixed income	0-10%
	Australian inflation linked bonds	0-10%
	International fixed income	0-10%
	Absolute return funds	6-16%
	Cash	0-10%
	Australian direct property*	0-10%
	Semi liquids*	0-10%
	Private equity*	1-11%
Defensive Illiquids*	0-6%	
Objective	3.5% net investment return per annum above CPI, measured over a rolling 5 year period**	
Time horizon	5 years	
Risk profile	High/Medium. 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.	

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

** Objective net investment returns is net of fees but not net of taxes.

Balanced investment strategy

Definition	<p>For real investment growth above CPI over the medium term. 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.</p> <p>This combination aims to earn real investment growth above CPI over a 3 year period. There are more assets that produce income which makes the strategy more stable than the High Growth, Growth and Balanced Growth strategies.</p>	
Asset allocation	Asset class	Asset allocation range
	<p>Australian equities</p> <p>International equities</p> <p>International listed property</p> <p>Australian fixed income</p> <p>Australian inflation linked bonds</p> <p>International fixed income</p> <p>Absolute return funds</p> <p>Cash</p> <p>Australian direct property*</p> <p>Semi liquids*</p> <p>Private equity*</p> <p>Defensive Illiquids*</p>	<p>11-21%</p> <p>10-20%</p> <p>0-6%</p> <p>6-16%</p> <p>6-16%</p> <p>6-16%</p> <p>7-17%</p> <p>0-10%</p> <p>0-10%</p> <p>1-11%</p> <p>0-10%</p> <p>0-8%</p>
Objective	2.5% net investment return per annum above CPI, measured over a rolling 3 year period.**	
Time horizon	3 years	
Risk profile	Medium. 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.	

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

** Objective net investment returns is net of fees but not net of taxes.



Conservative investment strategy

Definition	For shorter term investing with good security and some potential for growth. 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 aims to earn real investment growth above CPI over a 2 year period. Although it is relatively more stable than the High Growth, Growth, Balanced Growth and Balanced strategies, the returns and the value of the investment can still fluctuate.	
Asset allocation	Asset class	Asset allocation range
	Australian equities	1-11%
	International equities	1-11%
	International listed property	0-6%
	Australian fixed income	8-18%
	Australian inflation linked bonds	8-18%
	International fixed income	8-18%
	Absolute return funds	11-21%
	Cash	5-15%
	Australian direct property*	0-8%
	Semi liquids*	5-15%
Private equity*	0-6%	
Defensive Illiquids*	0-10%	
Objective	2% net investment return per annum above CPI, measured over a rolling 2 year period.**	
Time horizon	2 years	
Risk profile	Medium/Low. 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.	

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

** Objective net investment returns is net of fees but not net of taxes.

Cash investment strategy

Definition	For investors who want exposure to investments in money market securities with a very low risk of capital loss. The Cash strategy invests predominantly in short-term Australian money market assets. In addition, a small proportion of the assets (up to 15%) is 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.	
Asset allocation	Asset class	Asset allocation range
	Cash and income producing assets	100%
Objective	0.25% net investment return per annum above the "cash"* rate, measured over a rolling 2 year period.**	
Time horizon	2 years	
Risk profile	Low. 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 time frames, the chance of a negative return would be remote.	

* The benchmark for the cash rate is the UBS bank bill index.

** Objective net investment returns is net of fees but not net of taxes.

Preservation

Under preservation rules imposed by the Federal Government, your benefit will consist of one or more of the three components listed below. Your annual member statement will set out the preserved components of your benefit and whether you have a restricted non-preserved component or unrestricted non-preserved component to your benefit.

Preserved component

This is the amount of your benefit that cannot be cashed, unless you meet a condition of release. Superannuation contributions of every kind and benefits arising from those contributions, including all earnings must be preserved. This means they cannot be withdrawn from the superannuation environment unless a condition of release is met.

Restricted non-preserved

Cashable on exit

This component of your benefit can only be withdrawn and taken in cash when you cease employment with an employer who has contributed to your account. Your restricted non-preserved benefit is the amount (if any) that you would have been able to withdraw and take in cash if you had left on 1 July 1999. Over time your restricted non-preserved benefit stays at the same dollar value unless you roll over any further restricted non-preserved benefit rolled over from another scheme. While it will continue to accumulate investment earnings, the earnings will be preserved. The restricted non-preserved amount plus any unrestricted non-preserved amount, will remain the maximum amount that you will be able to take in cash on leaving the Scheme before satisfying a condition of release.

Unrestricted non-preserved

Cashable at any time

This is the amount of your benefit that you can withdraw and take in cash at any time. The Trustee also keeps a record of the amount (if any) that you would have been able to withdraw without any restrictions at 1 July 1999, in accordance with the preservation rules. This amount will only exist when you meet a condition of withdrawal, or have rolled over an unrestricted non-preserved benefit from another superannuation entity.

It is important to note that only deferred members can access this amount at any time. Contributory members can only access this amount when they are deferring their benefit or on exit.

Family Law

The restricted and unrestricted non-preserved components can be reduced if there is a benefit split under the Family Law Act.

When are preserved benefits payable?

Preserved benefits may be accessed when you meet a condition of release. The conditions of release are:

- on permanent retirement from the workforce at or after the 'preservation age' (see below);
- on leaving employment on or after age 60;
- on leaving employment with a contributing employer and your preserved benefit is less than \$200;
- on reaching age 65, regardless of whether you are still working;
- on total and permanent incapacity;
- if you entered Australia on an eligible temporary resident visa and you subsequently permanently depart Australia, then you can apply for payment of your benefit;
- when the ATO gives the Scheme a release authority to pay excess contributions tax to the ATO;
- on death; or
- you are suffering from a terminal illness.

You may be eligible to cash all or part of your benefit:

- on the grounds of severe financial hardship, refer to the website for more information; or
- on compassionate grounds following written approval from the Australian Prudential Regulation Authority (APRA) for payment of a specified amount.

Preservation age

Your preservation age is the age at which you are eligible to access your preserved benefits due to retirement. Currently, the preservation age is 55 years. However, from 2015 this age will increase.

Preservation age	Date of birth
55 years	Before 1 July 1960
56 years	1 July 1960 – 30 June 1961
57 years	1 July 1961 – 30 June 1962
58 years	1 July 1962 – 30 June 1963
59 years	1 July 1963 – 30 June 1964
60 years	After 30 June 1964



Taxation

The taxes applying to super are complicated. What follows is a summary of the tax treatment of super, current at the date this PDS was prepared. We suggest that you obtain professional advice about how the tax laws affect you.

Tax on contributions

As the Trustee is required to pay the taxes referred to below, it deducts these amounts from your individual account balance.

Contribution Tax

A 15% tax is levied on concessional contributions (which includes salary sacrifice).

Surcharge

The Federal Government has abolished the surcharge levy upon high income earners from 1 July 2005. However, any assessments received for periods prior to this date remain payable and will be deducted from your debt account. Any amounts in your debt account will be deducted from your benefit at the time of exit.

Superannuation lump sum payment from a taxed source

No tax is payable on a superannuation lump sum payment from a taxed source which is rolled over.

Low income spouse offset

A contributing spouse is entitled to receive an 18% offset for contributions up to \$3,000 per annum to a superannuation fund or retirement savings account of a spouse with assessable income (including reportable fringe benefits) below \$13,800 per annum. The maximum offset of \$540 applies for a contribution of \$3,000 where the spouse is below the income level. Where the spouse's assessable income exceeds \$10,800, the rebate will phase out on a dollar-for-dollar basis and it is no longer available where the assessable income exceeds \$13,800 per annum.

The ATO will determine eligibility for the rebate. Contact the ATO for more information about this rebate.

Tax on investment earnings

Earnings on investments are generally taxed at a maximum of 15%. The actual rate may be reduced below 15% due to the effect of various tax credits and rebates.

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 income tax rates, depending on age, amount and the components withdrawn. Details of the current tax treatment of the components of a lump sum superannuation payment are contained in the table below.

Tax on death benefits

Tax treatments on the components of a superannuation lump sum payment from a taxed source

Component	Tax treatment		
	Age less than 55 ¹	Age 55 – 59 ¹	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 is also payable upon any benefit where a tax rate greater than 0% applies. Note that the flood levy may also be payable on top of the Medicare levy - see below for further information.

1. For those born after 30 June 1960, age 55 is replaced with your preservation age (see Preservation section).

Tax payable on death benefits depends on individual circumstances. We recommend that you seek advice from a suitably qualified professional about how the tax laws apply specifically to you and your spouse, estate and dependants.

Flood levy

The Government has introduced a temporary flood levy to apply to income from 1 July 2011 to 30 June 2012. It will affect individuals that receive a superannuation lump sum payment where the total taxable component is over \$50,000 for the 30 June 2012 year, and where no flood levy exemption has been granted.

Terminally ill benefits

Where a lump sum amount is paid for a member who has been approved for a payment under a terminally ill condition of release, no tax will be payable.

Anti-detriment payments

An anti-detriment payment is a lump sum amount that is paid in addition to the account balance of a deceased member to the trustee of the deceased estate (for the benefit of the spouse, ex-spouse or child) or to a spouse, a former spouse or child of the deceased member.

An anti-detriment payment is only made where the benefit is paid as a lump sum and represents a refund of the 15% contributions tax levied against the deceased member's superannuation entitlements during their lifetime.

An anti-detriment payment forms part of the taxable component of a death benefit and where it is paid to a spouse, ex-spouse or minor child the entire benefit will be tax free. However, where the anti-detriment payment is made to an adult child, it will be taxed at 15% plus Medicare in line with the tax normally paid by a non-dependant beneficiary on the taxable component of a death benefit.

Tax benefit

If you have taxable contributions allocated to your account, LGS is able to claim a tax deduction on your behalf for any administration costs and insurance premiums that you have paid in the financial year.

If you are eligible for the tax benefit, this will be passed on to you by way of reduced contributions tax.

Goods and Services Tax (GST)

Your contributions to and withdrawals will not be subject to GST. However, GST will be included in some fees paid by for management and investment services by the providers of those services. In respect of some of those GST amounts, the Scheme can claim back 75% of the GST incurred as a reduced input tax credit. This amount is credited to the Scheme and the remaining amount (25%) is effectively included as an expense to the Scheme.

Will your social security benefits be affected?

Social security benefits depend on individual circumstances. You should seek advice from a suitably qualified professional about how your individual account and benefits will affect your social security benefits, or those of your spouse or dependants who may receive a benefit or pension after your death.



General provisions

Tax File Number (TFN)

Under the Superannuation Industry (Supervision) Act 1993, your superannuation fund is authorised to collect your TFN, which will only be used for lawful purposes.

These purposes may change in the future as a result of legislative change. The Trustee may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request the Trustee in writing that your TFN not be disclosed to any other superannuation provider.

It is not an offence not to quote your TFN. However giving your TFN to your superannuation fund will have the following advantages (which may not otherwise apply):

- your superannuation fund will be able to accept all types of contributions to your account/s;
- the tax on contributions to your superannuation account/s will be at the standard rate;
- other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your superannuation benefits; and
- it will make it much easier to trace different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

Providing your TFN

It is important that you consider providing your TFN either directly or through your employer (if you haven't already done so). You can also check on your Member Benefit Statement to ensure that your TFN has been recorded.

Non disclosure of TFN

If you or your employer have not provided LGS your TFN:

- we cannot accept any after-tax contributions to your account
- additional tax may be payable on all before-tax contributions received (a further 31.5%) and additional tax withheld on all super benefits paid to you before age 60 (up to 46.5%). Additional tax on contributions will be payable at the end of the financial year or the date that you withdraw your benefit, whichever comes first.

If you do not provide your TFN by the end of the financial year and the additional tax is deducted, you can still provide your TFN and apply to have the additional tax refunded. However, additional tax will only be able to be refunded if the TFN is received within three years of the year in which the contributions were made and the additional tax was deducted.

If we have paid the additional tax to the ATO, there will generally be a considerable delay before any tax paid can be reclaimed because the application can only be made when we lodge our next tax return. If you leave before any additional tax can be reclaimed from the ATO, your super payout will be reduced. You will not be able to request a refund of this additional tax paid after you have exited.

Family Law Act

The Family Law provisions are complex and you should seek independent legal and financial planning advice with respect to your personal situation. Please note that for Family Law purposes, the term spouse refers to the legally married spouse of a member, de facto spouses and same sex partners. Further information is available on our website.

Information on Privacy

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 to process your claim and pay the 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

If you have a formal complaint about the way that the Trustee handles your personal information and you are not satisfied with the response from the Privacy Officer, you may contact:

Complaints Resolution Manager

Local Government Super
PO Box N835, Grosvenor Place
NSW 1220

Tel: (02) 9333 3000 or 1300 369 901

Fax: (02) 9299 3722

The Complaints Resolution Manager will investigate your complaint and provide a full response to your complaint as quickly as possible. If you are not satisfied with that response you may then refer your complaint to the Federal Privacy Commissioner. The Commissioner's office can be contacted by phone on 1300 363 992 or by writing to:

The Privacy Commissioner

GPO Box 5218, Sydney NSW 2001

Further information is available on the website.

Do you have lost super?

It is always important to keep Local Government Super informed of your current postal address. If your details change, you can update Local Government Super by calling Member Services on 1300 369 901.

You can track down lost super by using the ATO's free search service. Visit the ATO website www.ato.gov.au/super

Anti-money laundering and counter-terrorism financing

The Trustee does not accept cash nor does the Trustee make payments to third parties unless authorised to do so by the regulator, the Court or the law.

To meet its legal obligations and to manage its money laundering and anti-terrorism financing risks, the Trustee must be reasonably satisfied that you are who you say you are, especially when you request any type of withdrawal from your account. This is in addition to the Trustee business requirements to be satisfied that you are the owner of your account and that the instruction the Trustee has received is valid.

At a minimum, the Trustee must verify your full name and date of birth, especially when you request any type of withdrawal. The Trustee may seek additional information to meet its obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act.

Additionally, the Trustee is required to monitor your transactions for the purpose of identifying, having regard to money laundering or terrorism financing risk, any transaction that appears to be suspicious within the terms of the legislation. Suspicious matters includes suspicions about your identity, tax evasion, offence against a Commonwealth, State or Territory law, proceeds of crime, money laundering, terrorism financing or transactions that have no apparent economic or visible lawful purpose. The Trustee employs both human judgement and data analysis to identify such transactions.

The Trustee reports any such suspicious matters plus any threshold transactions or international funds transfer instructions to the regulator. At a minimum, the Trustee must verify your full name and date of birth, especially when you request any type of withdrawal. The Trustee may seek additional information to meet its obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act.

Contact details

If you have any questions or would like more information about LGS:

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

Mail PO Box N835
Grosvenor Place
NSW 1220

Sydney 28 Margaret St

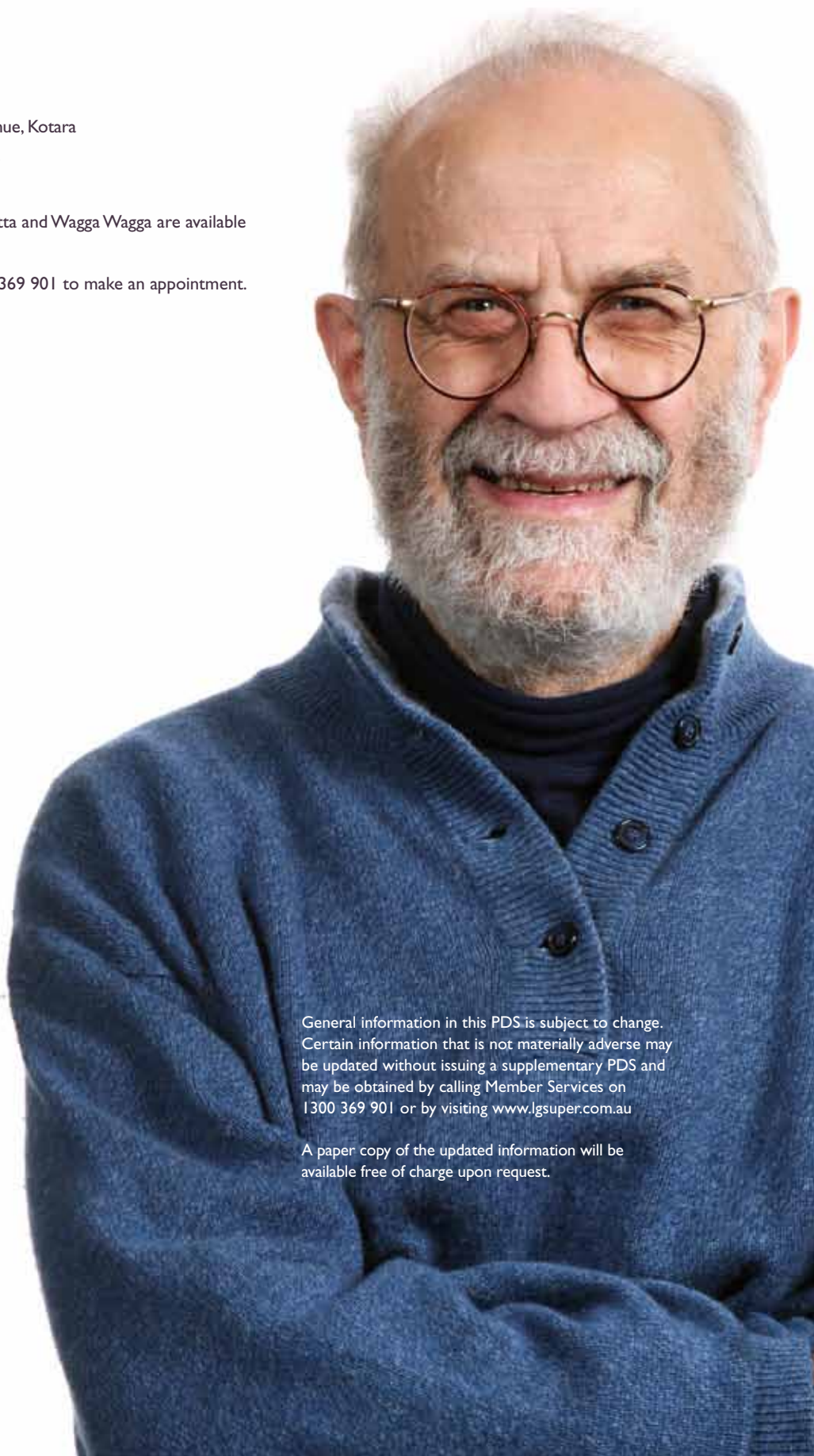
Newcastle Suite 2/76 Park Avenue, Kotara

Wollongong Shop 2/60 Burelli St

Office hours 8.30am - 5.00pm, Monday - Friday

Offices in Lismore, Orange, Parramatta and Wagga Wagga are available by appointment only.

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.