

Local Government Super Accumulation Scheme

Product Disclosure
Statement



Contents

1. About Local Government Super (LGS) Accumulation Scheme	1
2. How super works	2
3. Benefits of investing with the LGS Accumulation Scheme	3
4. Risks of super	4
5. How we invest your money	5
6. Fees and costs	8
7. How super is taxed	11
8. Insurance in your super	12
9. How to open an account	13
10. Further information	(back cover)

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Important information

This Product Disclosure Statement (PDS) provides a summary of the significant information you need to consider before making a decision about this product. It includes links to important information which forms part of this PDS. The important information is incorporated by reference into this PDS via fact sheets. You may obtain a copy of the PDS and the fact sheets free of charge from lgsuper.com.au/PDS or by contacting Member Services on 1300 LGSUPER (1300 547 873). A full list of the fact sheets is contained in Section 10 of this PDS.

The information contained in the fact sheets may change between the time you read this statement and the day you sign the application form, which is available at lgsuper.com.au/PDS (please note that you are only required to complete and sign the application form if you elect to join the Public Offer Division).

This document has been issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Super (ABN 28 901 371 321). This document contains general information only and is not intended to be a substitute for advice. It does not take into account your investment objectives, financial situation or particular needs. You should obtain advice tailored to your personal circumstances. Accordingly, you should consider the information having regard to your personal circumstances and consider the information contained in this PDS before making a decision about the product.

1. About Local Government Super (LGS) Accumulation Scheme

LGS Pty Limited, the Trustee of Local Government Super (LGS), was established as a profit-to-members industry scheme on 30 June 1997. The Trustee of LGS is solely engaged in the management and control of LGS and its assets for the benefit of members.

This PDS relates specifically to the LGS Accumulation Scheme which contains two divisions. One is an employer sponsored division, mainly for people who are employed by an LGS participating employer as listed under the LGS Trust Deed (such as NSW councils). The other is a public offer division which is open for anyone eligible to join a superannuation fund. Please refer to the *About Local Government Super (LGS) Accumulation Scheme* fact sheet for more information about the members in each division. The benefits and features of the LGS Accumulation Scheme are outlined on page 3.

The LGS Accumulation Scheme offers the following six investment options

- High Growth¹
- Balanced¹
- Managed Cash
- Balanced Growth¹
- Conservative¹
- MySuper Age Based Investment Strategy

LGS's Product Dashboard for the MySuper Age Based Investment Strategy is available at lgsuper.com.au/productdashboard

Other information about LGS, including the Trust Deed, Annual Report and the executive officer remuneration is available at lgsuper.com.au/docs

For non PDS information about the LGS Accumulation Scheme see the *About Local Government Super (LGS) Accumulation Scheme* fact sheet at lgsuper.com.au/PDS

¹ These pre-mixed investment options form part of the MySuper Age Based Investment Strategy, but are also available as stand-alone investment options. Please refer to pages 6 and 7 for more information.

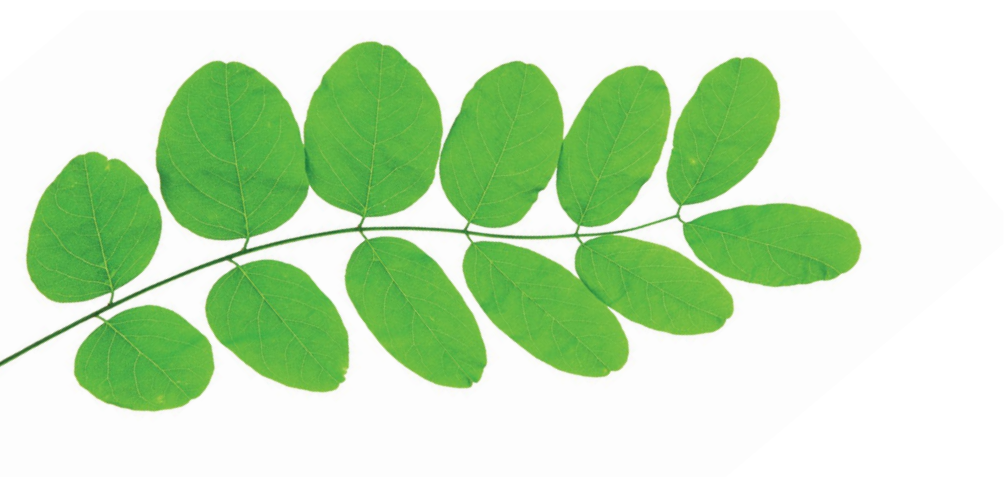
2. How super works

The following points provide an overview as to how super works:

- Superannuation is a means of saving for retirement which is, in part, compulsory.
- There are several different types of contributions (e.g. employer contributions, voluntary contributions, government co-contributions).
- There are limitations on contributions to and withdrawals from superannuation.
- Tax savings are provided by the Australian Government.
- Most people have the right to choose into which fund the employer should direct their superannuation guarantee contributions.

When you join LGS you and/or your employer can make contributions to the credit of your LGS account. Depending on your situation, the government and/or your employer may also make further contributions to your account. Your account will be invested in the LGS MySuper Age Based Investment Strategy or another investment(s) of your choice. Fees and charges will be applied to your account. When you meet a condition of release for payment of your account, all or part of your benefit can be paid to you.

You should read the important information about how super works before making a decision. Go to the [How super works fact sheet at *lgsuper.com.au/PDS*](https://www.lgsuper.com.au/PDS)



3. Benefits of investing with the LGS Accumulation Scheme

LGS aims to enhance the retirement income of our members.

Your choice of super fund can make a real difference to your long-term financial future, so you may wish to invest in a super fund that works to maximise the returns on your investment and reduce the impact on our environment. LGS has a Sustainable and responsible investment policy and has won a number of industry awards.

LGS provides you with flexible superannuation that you can tailor to address your lifestyle needs, both now and in retirement. Benefits are available in the event of your death, invalidity and on leaving employment with a participating employer. Further benefits of investing with LGS include:

- Choice of six investment options, including the MySuper Age Based Investment Strategy.
- LGS Account-Based Pension Plan and LGS Guaranteed Income products.
- Financial planning and advice services across New South Wales.
- Online access to your account.
- LGS mobile app to manage your account on your smartphone.
- Regular seminars and newsletters.
- ME Bank, HCF and GoGet corporate offers.

You should read the important information about the benefits and features of investing with the LGS Accumulation Scheme before making a decision. Go to the *Benefits of investing with the LGS Accumulation Scheme* fact sheet at lgsuper.com.au/PDS

4. Risks of super

It is important to understand the following in terms of your investment:

- All investments carry risk.
- Different investment options may carry different levels of risk, depending on the assets which make up the option.
- Assets with the highest long-term returns may also carry the highest level of short-term risk.

The LGS Accumulation Scheme offers six investment options (including the MySuper Age Based Investment Strategy) which vary in terms of their risk profile. To help you compare investment options, the superannuation industry has developed the Standard Risk Measure (SRM). Under the SRM, LGS has allocated each investment option a Risk Band (which can range from 1 to 7) and a Risk Label (which can range from 'Very Low' to 'Very High'). The Risk Band and Risk Label are based on the estimated frequency of the investment option achieving an annual negative return over any 20-year period.

For more information on the SRM and how LGS has applied the SRM to its own investment options, refer to the *Risks of super* fact sheet at lgsuper.com.au/PDS

The following statements summarise the significant risks of superannuation:

- The value of investments will vary.
- The level of returns will vary and future returns may differ from past returns.
- Returns are not guaranteed and you may lose some of your money.
- Superannuation laws may change in the future.
- The amount of your future superannuation savings (including contributions and returns) may not be enough to provide adequately for your retirement.
- The level of risk will vary depending on a range of factors, including:
 - your age
 - investment timeframes
 - where other parts of your wealth are invested
 - your risk tolerance.

Our licensed financial planners can provide you with assistance in understanding the risks and designing an appropriate investment strategy for you. Please contact Member Services for more information.

You should read the important information about the risks of super before making an investment decision. Go to the *Risks of super* fact sheet at lgsuper.com.au/PDS

5. How we invest your money

You can choose to invest your account balance and/or future contributions in a combination of one or more of the following investment options:

Pre-mixed investment options	Single sector investment option
<ul style="list-style-type: none"> ● High Growth ● Balanced Growth ● Balanced ● Conservative ● MySuper Age Based Investment Strategy 	<ul style="list-style-type: none"> ● Managed Cash

Switching investments

You can make most investment switches via the secure LGS mobile app, or the LGS Member Online facility, which can be accessed via the login button on our website. Alternatively, you can complete and send us a *Changing investment options* form available from lgsuper.com.au/forms or by calling Member Services. There is usually a fee to switch your investment. Please refer to the *Fees and costs* fact sheet at lgsuper.com.au/PDS

Review of investment options

LGS regularly reviews its member investment options and may from time to time make changes (such as to the asset allocation ranges, the assets, the risks and the objectives) to those options. When changes are made to the options, LGS will notify members either via the website, in the Annual Report or in writing directly.

If you do not make an investment choice, you will be invested in the MySuper Age Based Investment Strategy. The investment details for this strategy are outlined on pages 6 and 7.

Please note—when choosing an investment option you must consider the following:

- the likely investment return
- the risk
- your investment timeframe.

Investment details for the MySuper Age Based Investment Strategy

	High Growth (Default option for members up to and including age 44)	Balanced Growth (Default option for members aged between 45–49)
Description	Invests a very high proportion of funds in growth assets, such as shares and property and may be suitable for members seeking high investment growth over the longer term.	Invests a high proportion of funds in growth assets, such as shares and property and may be suitable for members seeking real investment growth over the medium to longer term.
Objective	3.5% net return p.a. above CPI over a rolling 10-year period.	3.0% net return p.a. above CPI over a rolling 10-year period.
Age band¹	Up to 44	45–49
Suggested investment timeframe	7 years	5 years
Risk profile	The emphasis is on growth, so the value of the investment may fluctuate over the short term.	The emphasis is on growth, so the value of the investment may fluctuate over the short term.
Standard Risk Measure	Risk band: 5 Risk label: Medium to High (Based on an estimate of 3.5 negative annual returns in any 20-year period)	Risk band: 5 Risk label: Medium to High (Based on an estimate of 3.0 negative annual returns in any 20-year period)
Asset allocation (%)	Range	Range
Australian Shares	25–36%	18–31%
International Shares	31–44%	20–32%
Australian Direct Property ²	0–10%	0–10%
International Listed Property	0–6%	0–6%
Commodities	0–3%	0–3%
Private Equity ²	5–15%	2–12%
Opportunistic Alternatives ²	0–10%	0–10%
Absolute Return Funds	0–13%	7–17%
Bonds	0–15%	7–17%
Cash	0–10%	0–10%
Defensive Alternatives ²	0–8%	0–8%

1. The MySuper Age Based Investment Strategy will automatically move your account through a range of investment options as you reach certain ages.

2. The combined investments in these asset classes will not exceed 30%.

	Balanced (Default option for members aged between 50–54)	Conservative (Default option for members aged 55 and above)
Description	Invests a proportion of funds in growth assets, such as shares and property, in combination with income-producing assets, such as interest-bearing securities. May be suitable for members seeking investment growth over the medium term with less volatility.	Invests a small proportion of funds in growth assets and the balance in income-producing assets, such as interest-bearing securities and may be suitable for members seeking a shorter term investment with some good potential for growth, but with greater stability.
Objective	2.0% net return p.a. above CPI over a rolling 10-year period.	1.5% net return p.a. above CPI over a rolling 10-year period.
Age band¹	50–54	55 and above
Suggested investment timeframe	3 years	2 years
Risk profile	The emphasis is still on growth, but with more stability than might be expected in High Growth or Balanced Growth.	The emphasis is on greater security, with some potential for growth. The value of the investment could still fluctuate.
Standard Risk Measure	Risk band: 4 Risk label: Medium (Based on an estimate of 2.3 negative annual returns in any 20-year period)	Risk Band: 2 Risk Label: Low (Based on an estimate of 0.8 negative annual returns in any 20-year period)
Asset allocation (%)	Range	Range
Australian Shares	10–20%	1–11%
International Shares	10–21%	1–12%
Australian Direct Property ²	0–10%	0–10%
International Listed Property	0–6%	0–6%
Commodities	0–3%	0–3%
Private Equity ²	0–10%	0–7%
Opportunistic Alternatives ²	0–10%	3–13%
Absolute Return Funds	12–22%	16–26%
Bonds	20–30%	26–36%
Cash	0–10%	5–15%
Defensive Alternatives ²	2–9%	0–10%

1. The MySuper Age Based Investment Strategy will automatically move your account through a range of investment options as you reach certain ages.

2. The combined investments in these asset classes will not exceed 30%.

Responsible investing

Like other super funds, LGS invests in a range of assets such as shares, private equity and property. However, unlike most funds, LGS actively invests in these assets based on a responsible investment policy.

LGS believes that it is not only important to maximise investment returns, but also to invest in a way that favours companies and projects which show a commitment to our community and the environment.

LGS has won numerous awards in recognition of its commitment to responsible investing. More information on our awards can be found at lgsuper.com.au/awards

You should read the important information about how we invest your money and the other LGS Accumulation Scheme investment options before making a decision. Go to the *How we invest your money* fact sheet at lgsuper.com.au/PDS

6. Fees and costs

DID YOU KNOW?

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

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

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

You or your employer, as applicable, may be able to negotiate to pay lower fees¹. Ask the fund 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 (moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

The fee table on the next page provides details regarding the costs of investing in the MySuper Age Based Investment Strategy and the fees and other costs that are charged in relation to that option. You can use this information to compare costs between different superannuation products.

1. 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 costs cannot be negotiated.

MySuper Age Based Investment Strategy

Type of fee¹	Amount	How and when paid
Investment fee²	From 0.23% to 0.33% p.a. depending on your investment option.	Investment fees are paid from the Fund's assets prior to unit prices being calculated. The investment fee you pay will depend on your investment option.
Administration fee²	\$71.24 p.a. (\$1.37 per week) AND 0.25% ³ p.a.	Dollar based fees are deducted from your account monthly. AND Administration fee percentage is paid from the Fund's assets prior to unit prices being calculated.
Buy-sell spread	Nil	N/A
Switching fees ● Investment Switching fee	\$27.00	Deducted directly from your account when a switch occurs.
Advice fees Relating to all members invested in a particular MySuper investment option	Personal Advice fee may apply.	No advice fees are charged for providing general advice limited to your LGS account. Fees may be charged for other types of advice. If you would like to receive personal advice from a financial planner, an advice fee ⁴ will be charged and you will be informed of the cost before you proceed. If you are issued with a Statement of Advice, it will contain details of the fees which may be deducted from your LGS Accumulation Scheme account, another LGS account or paid directly.
Other fees and costs ● Insurance fee	Please refer to page 12	Deducted directly from your account each month.
Indirect cost ratio²	From 0.45% to 0.47% p.a. depending on your investment option.	Indirect costs are paid from the Fund's assets prior to unit prices being calculated. The Indirect costs you pay will depend on your investment option.

1. LGS adopts the definitions in relation to fees as outlined in the *Fees and costs* fact sheet. These may be viewed at lgsuper.com.au/factsheets
2. If your account balance is under \$6,000; a 3% cap will be applied to the total of investment fee, administration fee and indirect cost ratio. Any amount over this cap will be refunded to you.
3. The administration fee percentage relates to the cost of the administration and operation of the superannuation fund. As LGS is a profit for member fund, this fee is estimated each year and any excess not utilised in the running costs of the Fund is returned back to the Fund for the benefit of members.
4. Please refer to page 11 for more information.

Note: The Indirect Cost Ratios and investment fees shown above are provided as indicative costs only and include reasonable estimates.

Further information on each of the fees listed above is contained in the *Fees and costs* fact sheet, available at lgsuper.com.au/PDS or from Member Services.

Fee changes

As LGS operates on a profit-to-members basis, the Trustee can change the amount of fees which you may be charged. LGS will provide you with at least 30 days notice if there is a material fee increase.

Example of annual fees and costs for the MySuper Age Based Investment Strategy

The table below gives an example of how the fees and costs in the MySuper Age Based Investment Strategy can affect your superannuation investment over a one year period. You should use this table to compare this product with other superannuation products.

Example – MySuper Age Based Investment Strategy – High Growth Balance of \$50,000		
Investment fee	0.33% p.a.	For every \$50,000 you have in the MySuper Age Based Investment Strategy you will be charged \$165.00.
PLUS Administration fees	\$71.24 p.a. (\$1.37 per week) AND 0.25% p.a.	And, you will be charged \$71.24 in administration fees regardless of your balance, plus for every \$50,000 you have in the MySuper Age Based Investment Strategy you will be charged \$125.00.
PLUS Indirect cost for the MySuper product	0.47%	And, indirect costs of \$235.00 each year will be deducted from your investment.
EQUALS Cost of the product:		If your balance was \$50,000, then for that year you will be charged fees of \$596.24 ¹ for the MySuper Age Based Investment Strategy–High Growth.

The example above is based on the MySuper Age Based Investment Strategy–High Growth (applicable to MySuper members aged under 45). The cost would be lower for members invested in the MySuper Balanced Growth, MySuper Balanced and MySuper Conservative investment options.

Note: ASIC provides a free online calculator on its Moneysmart website which can calculate the effect of fees and costs on super account balances. You can visit ASIC's Moneysmart website and use the calculator by going to moneysmart.gov.au

1. Additional fees may apply. Refer to the *Fees and costs* fact sheet at lgsuper.com.au/PDS for more information.

Financial Planning fee (Advice fee)

If you consult a financial planner, LGS will charge a direct fee for some financial planning services. It is important to note that not all financial advice will incur a fee and in many cases there may be no charge. Whether or not a fee applies will depend upon the scope of the financial advice you require. Your financial planner will discuss any fee payable when meeting with you and, if a fee is applicable, will advise you of the fee should you decide to proceed with obtaining the advice.

You should read the important information about fees and costs for the MySuper Age Based Investment Strategy and other investment options before making a decision. Go to the *Fees and costs* fact sheet at lgsuper.com.au/PDS

7. How super is taxed

Taxation rules that apply to superannuation can be complicated. The following information provides a summary of the key tax information relating to the LGS Accumulation Scheme. You should seek professional advice to understand how these different taxes may affect you.

Contributions tax of 15%¹ is charged on all concessional contributions, while earnings on investments are normally taxed at a maximum of 15%. Contributions tax is deducted at the time the contributions are made to your account whilst the earnings tax is deducted from the investment return prior to payment to your account. The effective rate may be reduced to below 15% due to the effect of various tax credits and rebates.

Generally, withdrawals from super after age 60 will incur no tax. However if you take your benefit prior to age 60 then it may be taxed.

Please note – When you become a member of LGS it is important that you provide us with your Tax File Number (TFN). If you do not provide your TFN to LGS then your concessional contributions and the taxable component of lump sum payments (where tax is payable) may be taxed at the highest marginal rate plus the Medicare levy. Also, if we do not have your TFN we will not be able to accept certain kinds of contributions to the LGS Accumulation Scheme, such as personal contributions.

Please note – There are caps on the amounts that can be contributed to superannuation. If those caps are exceeded then there may be taxation consequences.

You should read the important information about how super is taxed before making a decision. Go to the *How super is taxed* fact sheet at lgsuper.com.au/PDS

1. For more information on contributions tax, refer to the *How super is taxed* fact sheet at lgsuper.com.au/PDS

8. Insurance in your super

LGS via its insurer, TAL Life Ltd (ABN 70 050 109 450, AFSL 237 848), provides eligible members of the LGS Accumulation Scheme with the following types of insurance cover:

Basic insurance cover

LGS provides basic insurance cover, which comprises Basic Death Cover and Basic Total and Permanent Disablement (TPD) Cover, to eligible members. You must be at least 25 years of age and have a super account balance of at least \$6,000 to be eligible to receive basic insurance cover automatically. If you want to receive basic insurance cover before you become eligible for it automatically, you must elect to opt-in to basic insurance cover by completing the *Opt in to insurance cover* form available at lgsuper.com.au/forms or by logging into *Member Online* or via LGS mobile app.

Basic insurance cover is provided in a linked combination of units based on your age next birthday:

Age next birthday	Death units	TPD units
16–25	5	15
26–30	10	10
31–70	15	5

The level of cover changes at different age groups and gradually reduces after age 37. For details on the amount of cover at each age, please refer to the *Insurance in your super* fact sheet.

The cost of Basic insurance cover depends on your gender and the type of cover:

	Death per unit per month ¹	TPD per unit per month ¹
Male	\$0.914	\$0.475
Female	\$0.704	\$0.592

Premiums for the basic insurance cover are deducted from your account. If you wish to cancel or reduce your basic insurance cover, you can complete the *Reduce or cancel basic cover* form, available at lgsuper.com.au/forms or cancel by logging into *Member Online* or via the LGS mobile app. Please refer to the *Insurance in your super* fact sheet for more information.

Please note—If you are eligible to receive the basic insurance cover automatically, unless you decline to acquire basic insurance cover or cancel the cover, the cost of the cover will be deducted from your account. If your account has not received a contribution in 16 months, your insurance will be cancelled unless you have opted in to keep your cover. See the *Insurance in your super* fact sheet available at lgsuper.com.au/PDS for more information.

Voluntary insurance cover

LGS also provides the option for members to apply for additional voluntary insurance cover. The types and levels of cover available are:

- Death cover—unlimited cover
- Death and TPD cover—up to \$3,000,000
- Salary continuance cover—up to \$300,000 per annum.

You can apply for this cover by completing a *Voluntary insurance cover* form available at lgsuper.com.au/forms. All applications are assessed (underwritten) by the insurer. The cost of cover is dependent upon assessment by the insurer and takes into consideration factors such as your age, gender, occupation, etc.

Before making a decision about whether the insurance is appropriate for you, you should read the important information about insurance, including information about eligibility, cancellation, conditions and exclusions that may affect your entitlement to insurance cover which can be found in the *Insurance in your super fact sheet* at lgsuper.com.au/PDS

9. How to open an account

You should read this PDS and the incorporated by reference fact sheets available at lgsuper.com.au/PDS. If you are joining the LGS Accumulation Scheme via an LGS sponsored employer, your employer will notify us of your membership and open your account; you don't need to complete an application form.

However if you are joining the LGS Accumulation Scheme as a public offer member, you can join online at lgsuper.com.au/welcome or complete the *Application for membership for non – local government employees* form, available at lgsuper.com.au/forms

A cooling-off period applies to public offer members only. A person who joins the Public Offer Division directly as a Personal Member by completing an application form can withdraw from the LGS Accumulation Scheme without incurring any fees or charges within the first 14 days after the earlier of:

- the date we send you confirmation of membership in the LGS Accumulation Scheme, or
- five days after we accept your application to join the LGS Accumulation Scheme.

If a cooling-off request is made, the Trustee will not deduct any fees or charges from the monies paid. The amount repaid will be adjusted for any tax paid or payable and any net investment earnings or losses from the date of issue of the interest up to the date of receipt of the request.

Any preserved or restricted non-preserved amounts, which had been transferred to the LGS Accumulation Scheme in respect of the member, would have to be transferred to another complying superannuation fund.

The cooling-off request must be made in writing to the Trustee.

Please note that there is no cooling-off period for employer sponsored members (or other members) who join the employer sponsored division.

If you are dissatisfied with the service that you are receiving or a decision that affects you, you can lodge a formal complaint by calling Member Services or writing to our Complaints Resolution Manager at the following address:

Complaints Resolution Manager
Local Government Super
PO Box H290
Australia Square NSW 1215

You should read the important information about complaints and dispute resolution before making a decision. Go to the *How to open an account fact sheet* at lgsuper.com.au/PDS

10. Further information

This PDS contains references to important information in specific fact sheets that should be read together with this PDS. The list of those fact sheets is as follows:

1. About Local Government Super (LGS) Accumulation Scheme
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These fact sheets can be found at lgsuper.com.au/PDS or you can obtain a copy free of charge by contacting Member Services.

Contact details

Member Services

1300 LGSUPER (1300 547 873)

Mail

PO Box N835
Grosvenor Place
NSW 1220

Web

lgsuper.com.au

 **@socialLGS**

 **Local Government Super**

 **LGSUPER**

Offices

Sydney Level 12, 28 Margaret St

Newcastle Ground Floor, 12 Perkins St

Wollongong Shop 2/60 Burelli St

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

Bookings are essential. Phone 1300 LGSUPER (1300 547 873) to make an appointment.

Office hours are between 8.30am and 5.00pm, Monday to Friday.