

Annual Report 2011

Contact us

1800 635 796

The Fund Administrator
Lutheran Super
c/- GPO Box 4303
Melbourne VIC 3001

www.lutheransuper.com.au

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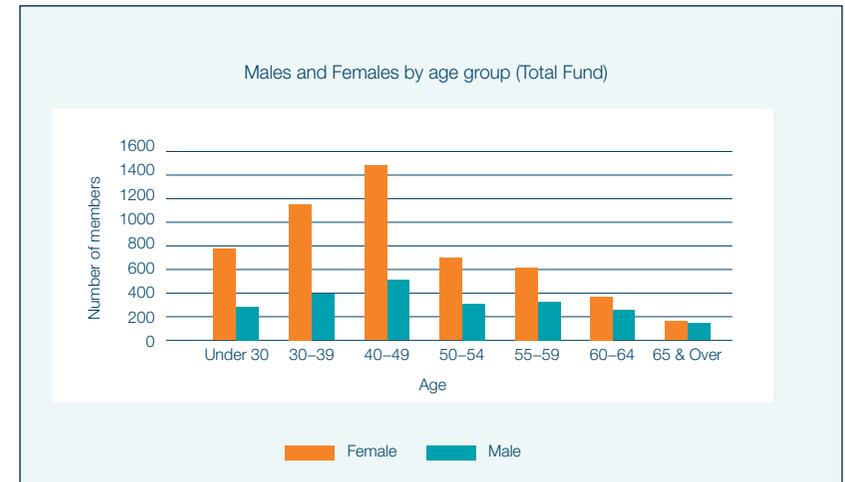


Lutheran Super at a glance

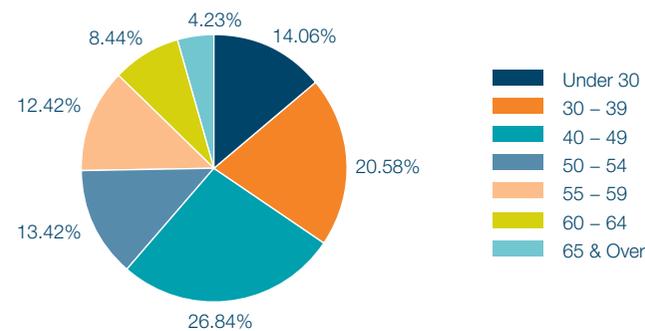
Membership profile

Age	Male	Female	Total members	Percentage of total members
Under 30	272	755	1,027	14.07%
30 – 39	369	1,134	1,503	20.58%
40 – 49	494	1,466	1,960	26.84%
50 – 54	297	683	980	13.42%
55 – 59	313	594	907	12.42%
60 – 64	247	369	616	8.44%
65 & Over	157	152	309	4.23%
Total	2,149	5,153	7,302	100.00%
% of Total	29.43%	70.57%	100.00%	
Average age	46.83	44.18	44.95	

Gender profile



Age profile



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Welcome to Lutheran Super's Annual Report for the year ending 31 December 2011.

On behalf of the Trustee I would like to present the 2011 Annual Report. However, rather than concentrate on the year that was (you can read that in this report), I have chosen to look at what's on the horizon and bring you up to date on some of the positive changes ahead that will impact you and Lutheran Super over the coming months and years.

Future of Financial Advice

First of all, the Future of Financial Advice (FoFA) reforms will provide millions of Australians with access to beneficial **scaled advice**.

Scaled advice, inside and outside super, is an initiative that will take care of the middle ground. It will appeal to anyone who doesn't want comprehensive advice because their needs are much less complicated. Scaled advice is advice about a specific area of a person's needs or about a limited range of issues. The reforms, due to commence on 1 July this year have been postponed to 1 July 2013. However, we do have the ability to opt in before that date and that's just what we plan to do!

Over the year, we have been working on delivering scaled advice to members. By July this year, you will be able to access personal advice on issues such as investment strategies, contribution strategies and insurance via our Helpline – **1800 635 796**. And, the advice you receive will generate a written *Statement of Advice*.

MySuper

Another legislative change that is due to be phased in over several years and forms part of the 'Stronger Super' reforms is **MySuper**. MySuper is designed to suit 'most' members and will comprise a single, diversified investment strategy, low fees and an appropriate level of insurance. It is due to be phased in from 1 July 2013 to 1 July 2017.

We are yet to determine what our MySuper arrangement will look like however, you can be assured we will let you know the detail well ahead of its implementation.

Increases to the superannuation guarantee

Next, the **Superannuation Guarantee (SG)** rate is set to gradually increase from 9% to 12% over seven years from 1 July 2013 as follows:

Year	SG rate
2013-14	9.25%
2014-15	9.5%
2015-16	10%
2016-17	10.5%
2017-18	11%
2018-19	11.5%
2019-20	12%

An important change is the SG age limit of 70 will be removed from 1 July 2013 which means mature age employees aged 70 and older will now be eligible for SG contributions from their employer.

Improved flexible insurance cover

And finally, the introduction of our **new insurance arrangements** almost six months ago, are certainly being embraced by our members. The new arrangements are providing some significant improvements, including:

- **lower premiums** – as a result of a change of insurer to AIA Australia Limited
- **automatic death and total and permanent disablement cover to age 70** (previously it was 65) – we are working longer, it makes sense that we are covered for longer
- **Lifestyle events cover** – it also makes sense to have cover that changes as significant events impact your life (marriage, mortgage, children etc.) without the need to provide evidence of good health
- **introduction of fixed cover** – has given you the flexibility to choose the type of cover that suits you best, i.e. a 'fixed' amount in multiples of \$1,000 or unit-based cover.

You are also able to transfer any other cover you may have to Lutheran Super to add to your current Lutheran Super cover.

We consider all these initiatives, both internal and external, to be a positive way forward to help you plan and achieve a financially secure future and, as always, we will keep you posted on further developments as they unfold.

In the meantime, please take the time to read this annual report and to review your super to ensure you are making the most of what your fund has to offer. Remember, as a Lutheran Super member, you're valued!



John Grocke
Chairman

Market and economic overview – December 2011 year

Global economy falters

As anticipated, the 2011 calendar year proved to be volatile, though much more so than expected a year ago as the Eurozone debt crisis spread and deepened. Investors remain cautious going into 2012, with still no clear resolution to Europe's debt woes in sight.

The first quarter of 2011 saw global growth gather momentum and remain resilient in the face of major political and natural disaster 'shocks' (e.g. the start of the so-called Arab Spring, floods, earthquakes). Nevertheless, with oil prices rising and fears of inflation heightening, some moderation to this growth was expected by the end of that quarter.

Consistent with this expectation, global share markets remained positive in April, but then fell over May and June. Whereas successful policy interventions in the US and European Union had built the platform for stronger growth in the second half of 2010, any rebound in growth over the last six months of 2011 was expected to be more modest.

However, modest growth would have been welcomed. Instead, the third quarter of 2011 brought extreme and unusual volatility fuelled mainly by sovereign debt issues in the Eurozone; in particular, by heightened fears of a default by Greece as that country continued to miss fiscal milestones established as part of earlier bail-out agreements.

More broadly, European policymakers struggled to agree on both an appropriate response and a credible plan to address other contagion threats to global financial markets. Meanwhile, undercapitalised European banks responded by hoarding rather than lending money and deleveraging balance sheets. By the end of the third quarter, consensus estimates for 2011 growth had fallen, along with forecasts for 2012.

The roller coaster ride for investors continued over the last three months of the calendar year, with global share markets reacting positively in October to news of a possible breakthrough in the Eurozone debt crisis and rebounding strongly. Global share markets then fell in November over uncertainty related to that crisis, but surged on the final day of the month in response to an agreement by six central banks to reduce the cost for borrowing for banks in emergencies.

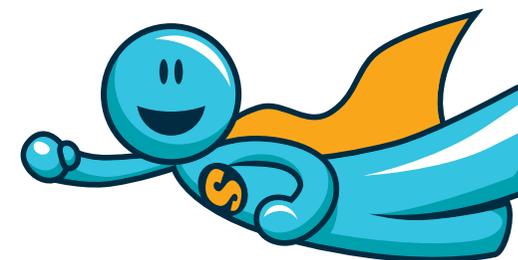
Global share markets ended the year flat, with investors remaining cautious as it became apparent that the much anticipated European Summit would provide no clear resolution for Europe's debt problems, which had plagued markets for most of the year.

Volatile market gives investors a roller coaster ride in 2011

Global outlook for 2012

As we enter 2012, despite the latest round of downward revisions to economic growth forecasts, there are grounds for cautious optimism compared with a very difficult 2011. In Europe, the situation remains delicate with growth sentiment tempered by risks of a deeper recession and countries leaving the Euro currency union. In the US, the recent upturn appears better grounded but longer-term prospects for reducing sovereign debt remain problematic. Meanwhile China's economic fundamentals continue to impress with economic growth strong and inflation under control. Australia's economic growth has slowed modestly and the Reserve Bank has acted to cut interest.

Past performance is not indicative of future performance so care should be taken when reading this information.



Super news

The Federal Government announced a number of changes

It seems that superannuation is always changing and the last twelve months have been no different with the Federal Government announcing a number of changes affecting superannuation. Whilst a number of these changes have already been legislated, some are yet to be passed by Parliament. Changes which have been announced over the last year or which are still to be implemented include the following:

Changes to the Superannuation Guarantee

In March 2012, the Government passed the Minerals Resource Rent Tax (known as the Mining tax), bringing with it a range of improvements to Australians' super including:

- a gradual increase in the Superannuation Guarantee (SG) from 9% in 2013 and reaching 12% in 2019-20. This will assist in improving the adequacy of retirement benefits provided to Australians and the sustainability of Australia's retirement income system.
- the abolition of age limits for super contributions. Currently, once you reach age 70, SG contributions are no longer allowed to be paid on your behalf. From 1 July 2013, there will be no longer be an age limit. This is also a positive change which broadens the range of employees covered by the Superannuation Guarantee.

SG contributions to rise from 2013

Superannuation contribution for low income employees

A new contribution of up to \$500 (not indexed) will be provided by the Government for individuals with an adjusted taxable income* of up to \$37,000 and who satisfy certain other conditions. This is designed to effectively return the 15% contribution tax on Superannuation Guarantee contributions and will commence in respect of contributions from 1 July 2012 with the first payments being made in the year commencing 1 July 2013.

This change will help to improve the tax effectiveness of superannuation for eligible low income earners, as well as provide a boost to their superannuation savings. This change is set to proceed with the passing of the Mining tax.

* Your adjusted taxable income includes your taxable income plus a number of other items. Go to the Australian Taxation Office website for more details – www.ato.gov.au

Higher concessional contribution limit for some members aged 50 or more to reduce

The current transitional concessional limit of \$50,000 applicable to those aged 50 or more only applies until 30 June 2012. The Government has announced that this limit will reduce down to \$25,000* for all members regardless of age from 1 July 2012.

* The limit is normally indexed based on movements in full time adult Average Weekly Ordinary Time Earnings (AWOTE) and rounded down to the nearest multiple of \$5,000. However, the Government has paused indexation of the concessional contribution limit to ensure it remains at \$25,000 until 30 June 2014.

Refund of excess concessional contributions

The Government has announced that, from 1 July 2011, individuals who breach the concessional contributions cap by \$10,000 or less can request the excess contributions be withdrawn from their super fund and refunded to them. Those excess concessional contributions will be taxed at the individual's marginal tax rate.

This measure, if passed by Parliament, will only apply for first time breaches of the concessional cap and only apply to contributions made from 1 July 2011 onwards.

Flood levy

From 1 July 2011, many superannuation benefits will be treated as income for the purposes of determining whether a person is subject to the flood levy for the 2011-12 year. The flood levy will apply to taxable income as follows:

Taxable income	Flood levy on this income
\$0 to \$50,000	Nil
\$50,001 to \$100,000	Half a cent for each \$1 over \$50,000
Over \$100,000	\$250 plus 1c for each \$1 over \$100,000

Taxable income will include the following in relation to superannuation:

- the taxable component of all superannuation lump sum and pension benefits received before age 60
- the taxable component of a lump sum death benefit paid to certain dependants
- the taxable component of a pension death benefit where the recipient is under age 60 and the deceased member died before age 60.

It will not apply to superannuation benefits that are rolled over or to income which is exempt from tax.

Co-contributions reduced but still valuable

The Federal Government currently makes a special contribution for you up to \$1 for each \$1 contribution you make from your after-tax income (subject to you satisfying the qualification requirements). The maximum co-contribution is \$1,000 a year if your total income is less than \$31,920 a year. The co-contribution reduces gradually for those earning up to a maximum of \$61,920.

However, the Government has announced that it will change the rules from 1 July 2012. The maximum Government co-contribution will reduce to 50 cents for each \$1 contribution you make from your after-tax income after that date. The maximum co-contribution will become \$500 a year if your total income is less than \$31,920 a year. The co-contribution will reduce gradually for those earning up to a maximum of \$46,920.

The income thresholds will not be indexed until 1 July 2013.

Despite the reduction in the level of Government co-contributions, they can still provide you with additional retirement savings.

* Your total income includes your assessable income, reportable fringe benefits and your reportable employer superannuation contributions less any deductions for carrying on a business.

Account based pensions

For the year 1 July 2011 to 30 June 2012, the minimum amount required to be drawn down from an account based pension has been reduced by 25%. This is a smaller reduction than the 50% reduction allowed in the previous two years. The reduced drawdown requirements were put in place to enable pensioners to reduce the amount they withdraw from their account based pensions and hence provide more time for asset values to recover following the Global Financial Crisis. Since this change was implemented, the Federal Government has also announced that it will reduce the minimum draw down amount for the year 1 July 2012 to 30 June 2013 by 25%.

Drawdown relief continues for income stream members

MySuper

From 1 July 2013, subject to Parliament passing the required legislation and the Trustee obtaining approval from the superannuation regulator, APRA, super funds will be able to offer a new style of superannuation called MySuper. MySuper funds will need to meet a number of new standards including rules relating to fees and charges. They will also be simpler than many current arrangements. The Government has announced that, from 1 October 2013, unless an employee has specified another fund or arrangement, employers will need to pay their contributions for these employees to a MySuper facility.

Lutheran Super is likely to have a MySuper arrangement in place by that date if the required legislation is passed by Parliament.

New Trustee requirements

The Government will place more stringent requirements on trustees to ensure that they act in an appropriate manner and in the interests of members. Trustees will also be required to establish an operational risk reserve to protect members if something goes wrong in the operation of the fund. These changes are intended to increase the security of members' retirement benefits by improving the governance of superannuation funds by trustees. It is likely that these new requirements will commence in 2013 subject to the relevant legislation being enacted.

Fees for advice

In conjunction with the above changes, limitations will be placed on fees that can be charged to members' superannuation accounts for financial advice. This is primarily aimed at stopping ongoing fees for advice being automatically deducted unless these are regularly approved by the member. Parliament is currently considering this legislation.

SuperStream

The Government is working with the superannuation industry to develop new reporting protocols which will be standardised across the industry. Once fully implemented, the changes are expected to generate cost savings for superannuation funds which should eventually result in lower fees being applied to superannuation members. The changes include greater standardisation of forms and back-office practices used by the industry as well as working towards employers providing better data in respect of contributions paid.

Greater use of tax file numbers

Super fund trustees will, subject to complying with regulations, be able to use tax file numbers (TFNs) to locate members' accounts and facilitate account consolidation, whether in the same fund or across multiple funds, making it easier to track lost super and combine a member's accounts. Over time it is intended to extend the ability of trustees to use your TFN for the purposes of combining accounts.

Super contributions on payslips

From 1 July 2012, employers will be required to provide information on an employee's payslip about the amount of super actually paid into the employee's super fund account during the pay period. From 1 July 2013, super funds will be required to either issue six monthly statements which show contributions made, or report electronically to members on whether they have received or not received any super contributions for that quarter. These changes, if passed by Parliament, are intended to help employees keep track of their employer's contributions.

Reportable employer superannuation contributions

From 1 July 2009, employers have been required to report details of employees' reportable employer superannuation contributions. This is shown on payment summaries given to you by your employer each year so that you can include it in your tax return.

Generally, your reportable employer superannuation contributions will include any salary sacrifice contributions you make and any voluntary employer contributions over which you have some control.

The Government has amended the definition of 'reportable employer superannuation contributions' retrospectively to 1 July 2009. This change may mean that the amount reported may reduce for some members. If your employer provides you with an updated payment summary for previous years, you may need to lodge an amendment to your tax return for those years to take advantage of any reduction in the reported amount.

Your reportable employer superannuation contributions are taken into account in assessing your eligibility for various benefits including Government superannuation co-contributions, the eligible spouse superannuation contribution tax offset, mature age worker tax offset and family tax benefits.

Did you know?

You can now tell us just how you prefer to receive your super information from Lutheran Super

And by joining our electronic community and going green, you will be helping to save the environment.

Just follow these steps to update your communication preferences:

1. sign into your account at www.lutheransuper.com.au using your member number and PIN. If you don't have a PIN, call the Helpline. If we have your email address, you can reset your PIN online at any time
2. go to the 'Personal details' page
3. indicate how you would like to receive Fund communication such as the annual report, newsletters and other important updates, remembering to include your email address if we don't have it and your mobile phone number if you have chosen SMS.

You can change your preferences whenever you choose.



A super website

Check out our website for super easy access to your super!

The Lutheran Super website puts all the important information you need to make good choices right at your fingertips – just a click away.

With the Lutheran Super website, you're able to:

Visit www.lutheransuper.com.au and tell us what you think of the site.

We'd love to hear from you.

Watch short webinars to learn more about:

- Understanding market volatility
- Contribution strategies
- Transition to retirement
- Government super co-contributions

Gain access to your account balances at any time – sign in using your member number and PIN

If we have your email details – you can reset your PIN any time.

Read up on the latest news and general information about superannuation

Plan and manage your super using interactive planning tools

Check the historical performance of investment options



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In your account information you can:

- Check your super balance and beneficiaries nomination
- Change your investment option at any time
- Check the value of your death benefit
- View your transaction history

Check your investment strategy

Personal reminder messages

Archived benefit statement history

Check the value of your insurance cover

Workflow of your transactions

Date	Transaction description	Debit (\$)	Credit (\$)
08/01/2012	Member voluntary post-tax		9402.10
08/01/2012	Employer	\$4.12	9402.10
08/01/2012	Contribution tax	937.21	9402.10
01/01/2012	Insurance premiums	\$3.25	
31/01/2012	Insurance premiums	\$42.21	
15/01/2012	Administration fee	\$4.41	
28/01/2012	Insurance premiums	\$3.25	
28/01/2012	Insurance premiums	\$4.12	
28/01/2012	Administration fee	\$4.12	
01/01/2012	Insurance premiums	\$3.25	
01/01/2012	Insurance premiums	\$3.25	
01/01/2012	Administration fee	\$4.41	
01/04/2012	Member voluntary post-tax		9402.10
01/04/2012	Member voluntary post-tax		9402.10
01/04/2012	Employer		9402.10
01/04/2012	Employer		9401.90
01/04/2012	Contribution tax	\$4.12	
01/04/2012	Insurance premiums	\$3.12	

Your investment options

As a member of Lutheran Super, you are entitled to choose how your money in the Fund is invested. Of course, the option you choose depends on your personal circumstances and your attitude to investments in certain markets.

Remember to focus on long term performance

You can change your options at any time. We suggest that if you are unsure what the best option is for you then you should obtain advice from a professional licensed financial adviser.

If you do not make an investment selection you will be allocated to the Trustee Mix, which is a combination of two of the options, 70% Growth and 30% Capital Stable. This option has been structured to provide a reasonable level of exposure to share markets to provide the opportunity for capital growth but also has an exposure to fixed interest and cash investments to provide some protection when share markets are not performing.

More details on each option are provided in the Fund's Product Disclosure Statement which can be obtained by calling the Helpline or by going to the Fund's website, www.lutheransuper.com.au.

Lutheran Super's investment performance

The table below shows the investment performance of the various options in the Fund for the year ending 31 December 2011 and over a three and five year period ending 31 December 2011.

Investment returns have been calculated on a simple time weighted basis based on the change in the underlying investment option's unit price for the relevant period. All rates quoted are net of tax and the standard rate of management fees.

Please note that past performance is not a reliable indication of future performance.

Investment option	One year % p.a.	Three year % p.a.	Five year % p.a.	Since commencement % p.a.**	Commencement date
Accumulation members					
Trustee Mix* (default)	-3.23	4.84	-1.25	n/a	n/a
Capital Secure	3.80	3.32	3.84	n/a	n/a
Capital Stable	2.41	4.72	2.03	n/a	n/a
Balanced	-1.60	4.37	-1.21	n/a	n/a
Growth	-5.65	4.89	-2.66	n/a	n/a
Growth – Australian Shares	-10.87	7.16	-3.24	n/a	n/a
Growth – SRI Australian Shares	-10.14	4.71	-3.06	n/a	n/a
Defined benefit members					
Actual rate of earnings	6.85	5.31	1.51	n/a	n/a
Pension members					
Capital Secure	4.54	3.97	n/a	4.01	1 July 2008
Capital Stable	2.84	5.54	n/a	2.47	1 July 2008
Balanced	-1.87	5.02	n/a	-1.73	1 July 2008
Growth	-6.63	5.48	n/a	-1.68	1 July 2008
Growth – Australian Shares	-12.77	7.85	n/a	-4.28	1 July 2008
Growth – SRI Australian Shares	-11.93	5.07	n/a	-5.34	1 July 2008

* The Trustee Mix option commenced 1 July 2007. It is based on the structure of 70% Growth and 30% Capital Stable.

** Where three and five year returns are available, for simplicity only these are shown. Where these three and five year returns are not available, returns since commencement are shown with the option's commencement date.

Effect of taxes, fees and costs

The investment performance shown is after tax and Lutheran Super's standard rate of investment management fees, but does not include the effects of other fees you might be charged. Other fees will reduce your account balance. Any fees and costs that may apply to you for the year are shown on your *2011 Member Statement*.

Did you know?**You only need one super fund – ever.**

Even if you leave your Lutheran employer, you can stay with your super in the Fund you know and trust. Call the Helpline for more information.

Investment objectives and strategy

The Trustee is required by law to set investment objectives for the Fund and its underlying investment options. The investment objectives set out in the following pages for each option are not a financial forecast or a guarantee of any future returns from the relevant option.

Before you read the description of the various options, you should be aware that the following strategy will be applied to all of the options to ensure they achieve their objectives:

- invest across all the major asset classes in proportions appropriate to the overall profile of the option
- invest the assets with professional investment managers
- monitor the performance of each portfolio and manager to ensure competitive investment performance
- allow the investment managers to invest in various facilities within overall guidelines to protect or enhance the investment performance.

The Trustee does not invest directly in derivatives, such as futures and options but does allow the Fund's investment managers to use these facilities in managing their portfolios. Derivatives are used by the managers to manage risk and can result in losses as with most other asset classes. The Trustee does not allow the investment managers to gear the portfolio by using derivatives.



Capital Secure option

Objectives

- Broad aim is to seek the security of capital and to never achieve a negative return on assets invested.
- Expected to achieve investment returns consistent with bank deposits.

There is no guarantee that these objectives will be met or that the value of your superannuation will not decrease as a result of negative returns.

Strategy

All money is invested in cash investments such as bank bills and term deposits.

Return performance*

The five-year average rate of return for this option for the period ending 31 December 2011 was 3.84% p.a.

The investment return for Pension Members in the Capital Secure option from 1 January 2011 to 31 December 2011 was 4.54% p.a.

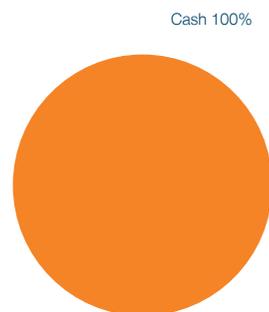
* Please note that past performance is not an indication of future performance.

Investment manager

The investment manager currently used by the Trustee for the Capital Secure option is Vanguard Investments Australia Limited in their Cash Reserve Fund.

To choose this option

There is no cost in transferring your money into the Capital Secure option from another investment option.



Year ended 31 December	Rate % p.a.
2011	3.80
2010	3.54
2009	2.62
2008	4.29
2007	4.98

Capital Stable option

Objectives

- Broad investment objective will be to limit year-to-year variability in returns while having a greater focus on security of capital than the other investment options.
- More specifically, to achieve returns after tax and fees that exceed CPI increases by at least 2% p.a. over rolling five and seven-year periods.
- To achieve an after tax and fees return in line with the notional return on the Fund's specified benchmark portfolio.
- To earn a rate of return after tax and fees above the median of results for the Mercer Capital Stable Fund Survey over rolling three and five-year periods.
- Over a three-year period, to have a reward to risk ratio higher than the median reward to risk ratio in the Mercer Capital Stable Fund Survey.

There is no guarantee that these objectives will be met or that the value of your superannuation will not decrease as a result of negative returns.

Strategy

This option invests in all the major asset classes but with a relatively low exposure to shares and property.

The pie chart illustrates the expected allocation of assets within the various investment markets over the longer term.

Return performance*

The investment returns for the Capital Stable option in recent years are listed in the table at right.

The average compound rate of return for the five years to 31 December 2011 was 2.03% p.a.

The investment return for Pension Members in the Capital Stable option from 1 January 2011 to 31 December 2011 was 2.84% p.a.

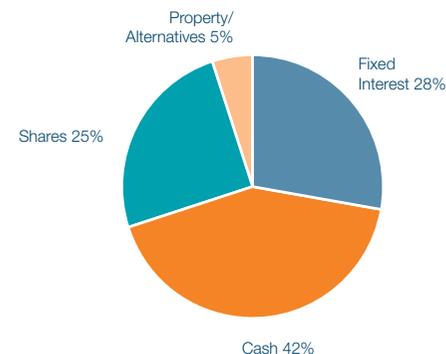
* Please note that past performance is not an indication of future performance.

Investment manager

The investment manager currently used by the Trustee for the Capital Stable option is Vanguard Investments Australia Limited in their Conservative Index Fund.

To choose this option

The cost of transferring into the Capital Stable option from another investment option is approximately 0.21% of the money being switched into this option.



Year ended 31 December	Rate % p.a.
2011	2.41
2010	4.06
2009	7.75
2008	-9.36
2007	6.22

Balanced option

Objectives

- Broad aim is to maximise long-term investment returns, whilst accepting a significant degree of variability in year to year returns.
- More specifically, to achieve returns after tax and fees that exceed CPI increases by at least 3% p.a. over rolling five and seven-year periods.
- To earn a rate of return after tax and fees above the median of results for the Mercer Pooled Fund Survey over rolling three and five-year periods.
- To achieve an after tax and fees return that exceeds the notional return on the Fund’s specified benchmark portfolio.
- Over a three-year period, to have a reward to risk ratio higher than the median reward to risk ratio in the Mercer Pooled Fund Survey.

There is no guarantee that these objectives will be met or that the value of your superannuation will not decrease as a result of negative returns.

Strategy

The pie chart illustrates the expected allocation of assets within the various investment markets over the longer term.

Return performance*

The investment returns for the Balanced option in recent years are listed in the table at right.

The average compound rate of return for the five years to 31 December 2011 was -1.21% p.a.

The investment return for Pension Members in the Balanced option from 1 January 2011 to 31 December 2011 was -1.87% p.a.

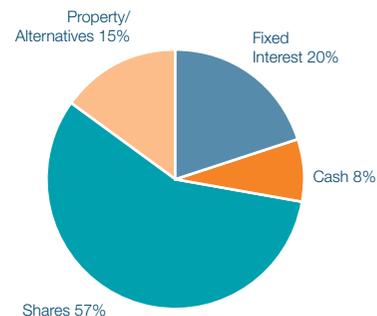
* Please note that past performance is not an indication of future performance.

Investment manager

The manager used to invest assets for this option is Schroder Investment Management Australia Limited in their Balanced Fund Standard Class.

To choose this option

The cost of moving to this option is approximately 0.44% of the amount switched into this option.



Year ended 31 December	Rate % p.a.
2011	-1.60
2010	1.64
2009	13.67
2008	-24.45
2007	9.55

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Growth option

Objectives

- Broad aim is to maximise long-term investment returns whilst accepting a high degree of variability in year to year returns.
- More specifically, to achieve returns after tax and fees that exceed CPI increases by at least 4% p.a. over rolling five and seven-year periods.
- To achieve an after tax and fees return, over rolling three and five-year periods, that exceeds the notional return on the Fund's specified benchmark portfolio.
- To earn a rate of return after tax and fees above the median of an asset-weighted composite of the relevant Mercer Sectors Survey medians included in the Growth option benchmark.
- Over a three-year period, to achieve a reward to risk ratio higher than the median reward to risk ratio in the Growth option benchmark.

There is no guarantee that these objectives will be met or that the value of your superannuation will not decrease as a result of negative returns.

Strategy

The pie chart illustrates the expected allocation of assets within the various investment markets over the longer term.

Return performance*

The investment returns for the Growth option in recent years are listed in the table at right.

The average compound rate of return for the five years to 31 December 2011 was -2.66% p.a.

The investment return for Pension Members in the Growth option from 1 January 2011 to 31 December 2011 was -6.63% p.a.

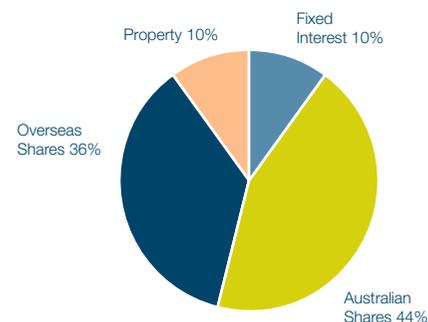
* Please note that past performance is not an indication of future performance.

Investment manager

The investment manager currently used by the Trustee for the Growth option is Vanguard Investments Australia Limited in their High Growth Index Fund.

To choose this option

The cost of transferring into the Growth option from another investment option is approximately 0.41% of the money being switched into this option.



Year ended 31 December	Rate % p.a.
2011	-5.65
2010	2.90
2009	18.87
2008	-28.87
2007	6.45

Growth – Australian Shares option

Objectives

- Broadly to maximise long term investment returns whilst tolerating a high degree of variability in year-to-year returns.
- More specifically, to earn returns after tax and fees that exceed CPI increases by at least 4% p.a. over rolling five and seven year periods and to match the performance of the broad Australian share market over the medium term.
- Over rolling three year periods, to achieve returns that equate to the returns achieved by the Australian share market as measured by the ASX 300.

There is no guarantee that these objectives will be met or that the value of your superannuation will not decrease as a result of negative returns.

Return performance*

The investment returns for the Growth – Australian Shares option in recent years are listed in the table at right.

The average compound rate of return for the five years to 31 December 2011 was -3.24% p.a.

The investment return for Pension Members in the Growth – Australian Shares option from 1 January 2011 to 31 December 2011 was -12.77% p.a.

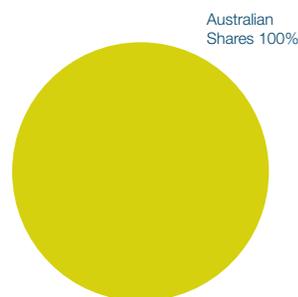
* Please note that past performance is not an indication of future performance.

Investment manager

The manager used to invest assets for this option is Macquarie Investment Management Ltd in their True Index Australian Equities option.

To choose this option

The cost of moving to this option is 0.50% of the amount switched into this option.



Year ended 31 December	Rate % p.a.
2011	-10.87
2010	1.42
2009	36.11
2008	-38.98
2007	12.98

Growth – SRI Australian Shares option

This is the only option where the investment manager appointed by the Trustee takes into account labour standards, social, environmental or ethical issues when determining strategies when developing its investments and will exclude certain organisations on the basis of their activities.

Objectives

- Broadly to maximise long term investment returns whilst tolerating a high degree of variability in year to year returns.
- More specifically, to earn returns, after fees and taxes, that exceed CPI increases by at least 4% p.a. over rolling five and seven year periods and to match the performance of the broad Australian share market over the medium term.
- Over rolling three year periods, to produce returns that equate to the returns achieved by the Australian share market as measured by the ASX 300.

There is no guarantee that these objectives will be met or that the value of your superannuation will not decrease as a result of negative returns.

Strategy

This option will not invest in shares in any of the following:

- weapons manufacturing
- alcohol
- tobacco
- gaming
- companies with an environmental and/or a human rights prosecution.

The SRI option also has a positive screening process that seeks companies based on the following criteria:

- provides some form of environmental or social benefits through management and or remediation of environment resources
- demonstrates or enables reduced adverse environmental and social impacts relative to other organisations
- companies that benefit communities such as:
 - renewable energy
 - sustainable agribusiness
 - ecotourism.

All money is invested in Australian shares.

Return performance*

The investment returns for the Growth – SRI Australian Shares option in recent years are listed in the table below. The average compound rate of return for the five years to 31 December 2011 was -3.06% p.a.

The investment return for Pension Members in the Growth – SRI Australian Shares option from 1 January 2011 to 31 December 2011 was -11.93% p.a.

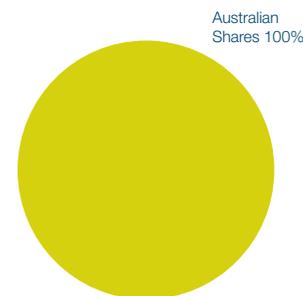
* Please note that past performance is not an indication of future performance.

Investment manager

The manager used to invest assets for this option is BT Financial Group in their Wholesale Ethical Share Fund.

To choose this option

The cost of transferring into this option is 0.50% of the money that is switched into this option.



Year ended 31 December	Rate % p.a.
2011	-10.14
2010	-2.73
2009	31.34
2008	-35.98
2007	16.48

Trustee Mix

Please note that this is not an investment option a member can directly invest in. If a member does not make a selection, they are allocated to a mix of the previous options based on the Trustee's determination as shown in the table below.

Option	Proportion
Capital Stable	30%
Growth	70%

Defined benefit information

For defined benefit members, the amount your employer contributes varies depending on the advice of a super expert called an actuary. At least every three years, the Fund's actuary prepares a valuation report that states how much your employer needs to contribute to meet any super payouts now and in the future. The employer has paid contributions in relation to defined benefit members at a level not less than that recommended by the actuary during the period. At the time of the last actuarial valuation (31 December 2008) the value of the Fund's assets amounted to 107.3% of the sum of all defined benefits member's super pay-outs assuming all members ceased employment at that date. Therefore the Fund was considered to be in a satisfactory financial position at that date.

Crediting rate for EX-QLSSSP defined benefit members

Investment choice has been a reality for all defined benefit members since 1 July 2006 in respect of their voluntary accumulation accounts in the Fund.

All members were allocated to the Balanced option unless they had made a specific selection of another option.

The crediting rate for the defined benefit component of the benefit is the rate of return on the underlying assets for the defined benefit section. The rates are updated monthly once the actual performance of the assets is known. All voluntary accounts receive earnings based on the movement in the unit price for their selected investment option.

The defined benefit liabilities of the Fund are supported by Schroder Investment Management Australia Limited in their Fixed Income Fund Standard Class and Kapstream Capital Pty Limited in their Absolute Return Fund.

The effective rate that was applied to the defined benefit member account for the year ended 31 December 2011 was 6.85% p.a.

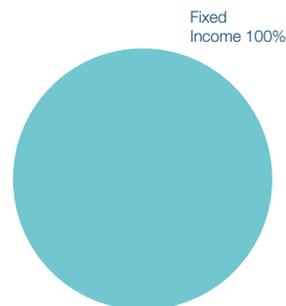
Defined benefits

Objectives

- Broad aim is to maximize long-term investment returns, whilst accepting a reasonable degree of variability in year to year returns.
- More specifically to achieve returns after fees and tax that exceed CPI increases by at least 2.5% p.a. over rolling five and seven-year periods.
- To earn a rate of return after tax and fees above the median results for 50% of the Mercer Pooled Fund Survey and 50% of the Mercer Capital Stable Fund Survey over rolling three and five-year periods.
- To achieve an after tax and fees return that exceeds the notional return on the Fund's specified benchmark portfolio.
- Over a three-year period, to have a reward to risk ratio higher than the median reward to risk ratio for 50% of the Mercer Pooled Fund Survey and 50% of the Mercer Capital Stable Fund Survey.

Strategy

The pie chart illustrates the expected allocation of assets within the various investment markets over the long term.



Return performance*

The investment returns in recent years are listed in the table below.

* Please note that past performance is not an indication of future performance.

Year ended 31 December	Rate % p.a.
2011	6.85
2010	2.20
2009	6.95
2008	-14.58
2007	8.04

Investment managers

The investment managers currently used by the Trustee for defined benefit assets are Schroder Investment Management Australia Limited in their Fixed Income Fund and Kapstream Capital Pty Limited in their Absolute Return Fund.

Allocation of earnings

The Trustee calculates a unit price on a weekly basis which takes account of investment earnings whether positive or negative. Net earnings are allocated to member accounts via a weekly unit price calculation process.

Fund manager allocation

As part of their ongoing responsibilities the Trustee monitors and reviews the Fund’s investment managers’ performance on a regular basis. The Trustee obtains advice from professional investment consultants to assist it in this process.

The current managers and facilities used are as follows:

Schroder Investment Management Australia Limited

- Fixed Income Fund Standard Class
- Balanced Fund Standard Class

Vanguard Investments Australia Limited

- High Growth Index Fund
- Conservative Index Fund
- Cash Reserve Fund

Macquarie Investment Management Ltd

- Macquarie True Index Australian Equities Fund

BT Financial Group

- BT Wholesale Ethical Share Fund

Kapstream Capital Pty Limited

- Absolute Return Fund

Did you know?
 A key benefit of Lutheran Super is no commissions and no establishment fees.



Fees and charges

Administration fees

The table at right shows the Fund's expenses or fees and charges that might apply to your superannuation benefits.

All expenses are current at the time this annual report was produced and may be revised, increased or added to or adjusted by the Trustee from time to time (for example, due to changes to superannuation law or the Fund trust deed). The Trustee may also introduce new fees.

While it is not anticipated that fees and charges will change, if there is an increase in fees we must notify you 30 days in advance of the change. The Trustee is not able to negotiate the fees detailed at right.

No GST is payable by you on any of the fees and charges described in the table.

You should read this fee information carefully, as it's important that you understand how these fees can affect your benefits in the Fund.

Please note, that the Trustee is not able to provide any discounts to any of the fees outlined for any individual member.

Table 1 Significant fees

What the fee is for	Amount	How the fee is calculated and paid
Establishment fee This is the fee to set up your account in the Fund.	Nil	N/a
Contribution fee This is the fee charged for the initial and every subsequent investment you make (including any contributions made to the Fund on your behalf e.g. by your employer).	Nil	N/a
Withdrawal fee This is the fee charged for each payment paid out from the Fund.	\$50.00 per withdrawal	This fee is deducted from your account at the time a payment is made including payments under portability legislation.
Termination fee This is the fee when you close your account in the Fund.	\$50.00	The fee is deducted from your account at the time your final payment is made.
On-going fees This is the total of all ongoing administration, investment management, expense recovery and other fees charged by the Fund. A breakdown of fees is shown in the 'Ongoing fees' table on page 22.	\$1.00 per week plus an asset fee of 0.30% of your account balance (see the Ongoing fees table on page 22). plus an asset based fee depending on your selected investment option (see the Ongoing fees table on page 22).	Deducted from your account balance every month. Deducted in the calculation of the unit price by the Trustee. This fee is deducted by the investment manager prior to the calculation of unit prices.
Switching fee This is the fee charged when you switch between investment options offered by the Fund.	One free switch per calendar year but subsequent switches are \$30 each. In addition, a buy/sell spread applies depending on the investment option (see the Ongoing fees table on page 22).	When the Fund receives contributions or you choose to make a switch between portfolios, the buy unit price is used to buy units and the sell unit price is used to value your investment in the Fund.

Breakdown of ongoing fees

This table contains a breakdown of the ongoing fees shown in the table on page 21. They are not additional to the fees detail in the Table 1 'Significant fees'.

Table 2 Ongoing fees

Ongoing fees	Amount	How and when it is paid
Administration fee This is the fee to cover the general administration of the Fund.	\$1.00 per week plus an asset fee of 0.30% of your account balance.	Deducted monthly from your account. Deducted from the investment earnings in determining the unit price for each option.
Investment management fee This is the fee charged for managing the Fund's assets based on the amount invested in that option.	Capital Secure 0.10% p.a. Capital Stable 0.16% p.a. Balanced 0.52% p.a. Growth 0.16% p.a. Growth Australian Shares nil Growth SRI Aust Shares 0.95% p.a.	The fee is deducted by the investment manager prior to the calculation of unit prices.
Issuer fee This is the fee for the product issuer's services in overseeing the Fund's operations and/or providing access to the Fund's investment options.	Nil	N/a
Expense recoveries This is an estimate of out-of-pocket expenses the Trustee is entitled to recover from the Fund.	Nil	N/a
Member fee This is a member-keeping fee charged by the Fund.	Nil	N/a
Buy/sell spreads for each investment option The buy/sell spread is an allowance for the transaction costs incurred when buying or selling investments, for example stamp duty and brokerage. The fee will apply to the amount of money moved into an option or any contribution paid.	The buy/sell spreads outlined below are based on the current benchmark asset allocation and may vary slightly from time to time. Capital Secure 0.00% p.a. Capital Stable 0.21% p.a. Balanced 0.44% p.a. Growth 0.41% p.a. Growth Australian Shares 0.50% p.a. Growth SRI Aust Shares 0.50% p.a.	The buy/sell spread is taken into account when calculating the unit prices applicable to that particular investment option.

Family Law fees

The Trustee charges fees in order to recover its costs associated with the splitting of superannuation benefits for Family Law purposes – for example, for requests for information or implementing a split of a superannuation benefit.

For more information about Family Law and how it may affect you, contact the Helpline on **1800 635 796**.

Table 3 Family Law

Where fees apply	Fee	Who pays the fee
Application for information – in the format specified under the Family Law Act	Nil	N/a
Splitting a benefit	\$451.00	Generally shared equally by both parties and will be deducted from each super benefit at the time the benefit is split (unless 100% of the benefit is to be paid to the non-member spouse in which case he/she will pay to full fee).
Flagging a benefit	Nil	N/a

Protection of small account balances

Superannuation legislation protects small superannuation account balances from erosion by administration expenses. Any member with a total account balance in the Fund of \$1,000 or less will be “protected” in this way.

In short, this will mean that the normal expenses deducted from your Accumulation Account in the Fund (detailed on your benefit statement under Employer Account) to cover administration expenses will not apply to you if:

- the total of your Accumulation Account is \$1,000 or less at the Fund's review date (31 December) or at the date you leave the Fund, and
- the normal expenses deducted from your Employer Account since the last review date (or the date membership commenced, if later) exceed the investment earnings credited to your Accumulation Account.

In these circumstances, the expenses deducted from your Employer Balance will be limited to the total investment earnings credited to you over the same period.

Insurance costs

As at the year ended 31 December 2011, the fees charged for insurance were as follows:

Death and permanent disablement

- \$0.85 per unit per week
- Ex-QLSSSP accumulation members – \$0.30 cents per unit per week.

Death only benefits

- \$0.51 cents per unit per week
- Ex-QLSSSP accumulation members – \$0.18 cents per unit per week.

Salary continuance benefits

- 0.38% of salary.

From 1 January 2012, members have additional features and flexibility for their insurance cover in Lutheran Super. There are changes to death and total and permanent disablement (TPD) cover and income protection cover. Information about these changes is available from the Fund's website www.lutheransuper.com.au or by calling the Helpline on **1800 635 796**.

Getting to know your Fund

Who is the Trustee?

The Fund's Trustee is a company, LCA Nominees Pty Ltd ABN 61 008 204 939. At 31 December 2011, there were ten directors of the company, five of whom are elected by the members of the Fund and five appointed by the principal employer, Lutheran Super.

The directors have responsibility to manage the Fund in the best interest of all members in accordance with the Fund's Trust Deed and relevant legislation.

On 30 June 2011 Mr Graeme Drapper and Mr Stephen Wenke were re-appointed as member directors for a period of four years.

The Directors as at 31 December 2011 were

Employer appointed

Mr John Grocke – Chairman
Financial Planner
Johnston Grocke Financial Services

Mr Allen Truslove
Allen L Truslove Actuary & Statistician Pty Ltd

Mr John Nield
Retired Teacher

Mr Anthony Klatt
Financial Planner
Johnston Grocke Financial Services

Mr Jeff Harman
Business Manager
Concordia College Highgate, SA

Member-representative

Mr Graeme Drapper
Business Manager
LCA Queensland District, Schools Dept

Mr Lester Kerber
Business Manager
Luther College Croydon, VIC

Mr Stephen Wenke
Church Administrator
Good Shepherd Lutheran Congregation
Noosa, QLD

Mr John Findlay
Teacher
St Peters Lutheran College
Indooroopilly, QLD

Mr Brett Clarke
Business Manager
Redeemer Lutheran College
Mount Gravatt, QLD

Did you know?

The Trustee Board operates solely in the best interests of members

Under the current election rules, member-representative directors will cease to hold office if:

- they cease to be a member
- they resign as a member-representative director
- the Trustee receives a written notice signed by more than 50% of members at the date of receipt of such notice calling for the removal of that member-representative director
- they become ineligible under law.

A summary of the Fund's election rules are available from the Enquiries and Complaints Officer (see page 27 for contact details).

The term of office for the member representatives is two and four years. The terms of office for the current member-representatives cease in either 2013 or 2015.

Trustee indemnity insurance

The Trustee has chosen to take out an indemnity insurance policy as a prudent measure because of legislative requirements placing increased responsibilities on the Trustee.

Trust Deed

The Fund is governed by a legal document called the Trust Deed. The Trust Deed sets out the rights and obligations of the members, participating employers and the Trustee. During the year there were no Trust Deed amendments.

Superannuation contributions surcharge

The superannuation contributions surcharge was abolished on 1 July 2005. However, the Fund may still receive a surcharge assessment or an amended surcharge assessment for the financial years 1997 – 2005 from the Australian Taxation Office. Where the Fund receives a surcharge assessment or amended surcharge assessment in respect of your super, the Fund will pay the assessment and deduct the relevant amount from your member account. This will be shown on your member statement. If the Trustee receives an assessment after you have left the Fund, it will generally be forwarded on to the fund or institution to which you have transferred your benefit.

Service providers to the Trustee

The Trustee uses professional organisations to assist in the operation of the Fund. The organisations used during the year were as follows:

Administration and general consulting advice

- Mercer (Australia) Pty Ltd

Investment consulting advice

- JANA Investment Advisers Pty Ltd

Investment managers

- Schroder Investment Management Australia Limited
- Vanguard Australia Investments Ltd
- Macquarie Investment Management Ltd
- BT Financial Group
- Kapstream Capital Pty Limited

Audit

- KPMG

Insurance

- ING (death and total and permanent disablement) until 31 December 2011
- Commlnsure (salary continuance) until 31 December 2011
(AIA death and total and permanent disablement and income protection from 1 January 2012)

Legal advice

- Wallmans Lawyers.

If you leave your employer and claim your benefit

If you leave your employer, you don't need to leave Lutheran Super: you will automatically become a member of the Retained Benefits section of the Fund. If you start working for another employer, you can

ask them to continue to pay your compulsory super contributions to Lutheran Super. Complete a *Standard choice* form (available from the Lutheran Super website or by calling the Helpline) and give this to your new employer.

You can also roll your super over to another super fund with your new employer or roll it over to any other superannuation fund. You may also be able to take some or all of your benefit in cash depending on your personal circumstances and superannuation preservation requirements.

If your super account balance in the Retained Benefits section is less than \$2,000 for a period of 12 months and no contributions are received for you during this period, your benefit will be transferred to the Fund's Eligible Rollover Fund (ERF) on your behalf. This benefit will then cease to be payable from the Fund and could only be claimed by you contacting the ERF to which it was paid. An ERF is simply a holding account where your benefit will remain until you notify the administrator of the ERF what action is to be taken.

The ERF used by the Trustee is AUSfund, Australia's Unclaimed Super Fund.

About AUSfund investment strategy

AUSfund's membership is largely made up of small, lost and inactive members' accounts. The Responsible Entity of AUSfund is responsible for making decisions about how to invest the money held and has adopted a diversified investment strategy which is appropriate for its membership.

AUSfund investment strategy:

- the Responsible Entity has chosen a diversified investment strategy to provide security to

members' monies over the medium term (three – five years)

- the strategy aims to balance the need to deliver returns to members with the need to limit the likelihood of a negative return to one in every ten years
- to provide a competitive return at a moderate level of market risk
- invest in a mix of shares, property, alternative assets, fixed interest and cash, aiming to provide a mix of income and capital growth over the medium term.

AUSfund investment objectives:

- to invest monies to give security to members' monies over the medium term
- the asset mix should be structured to limit the likelihood of a negative return to one in every ten years
- deliver an after tax return of at least inflation plus 2.5% per annum over rolling five-year periods at least 75% of the time
- an investment reserve is managed to assist in the smoothing of returns to members and to lower the possibility of a negative return
- a long term asset mix is selected to take account of the above risk constraints and allow the highest possible return for an agreed level of risk
- the investment process should be cost efficient and the strategy reviewed at least annually
- the short term investment strategy should be controlled by adjusting cash flow between investments as the investment environment dictates, while remaining within the longer term strategies.

AUSfund does not provide access to investment choice or provide any level of insurance cover.

The following fees and charges apply in AUSfund:

- an administration fee of \$14 per annum. This fee is deducted from your account
- management costs of 1.68% (\$16.80 per \$1,000 invested) which is deducted from gross returns prior to the setting of the crediting rate
- Family Law fees of \$100 for the provision of information and \$69 for splitting an account

AUSfund will not accept employer contributions (including salary sacrifice contributions) unless there are exceptional circumstances. You can rollover other monies into AUSfund and make voluntary contributions but AUSfund will not accept any Government co-contributions or spouse contributions and contribution splitting is not allowed.

Once your super is transferred to AUSfund you will no longer have any rights under Lutheran Super and you will need to deal directly with AUSfund in respect of your benefits that have been transferred.

If you have any questions about AUSfund, please contact them via the details below:

AUSfund

PO Box 2468,
Kent Town SA 5071
P: 1300 361 798
F: 1300 366 233
E: admin@ausfund.net.au
W: www.unclaimedsuper.com.au

How we protect your privacy

Your privacy has always been important to the Fund and the Trustee. With the increasingly rapid expansion of technology and access to information, preserving your privacy is now more important than ever.

In order to provide you with superannuation benefits, including death and disability benefits, and to properly manage the Fund, the Trustee holds personal information about you that identifies you as a member. This information typically includes your name, address, date of birth, gender, occupation, salary, tax file number and any other required information.

The Trustee generally collects this information either from you or your employer. Your personal information may be disclosed to the Fund's administrator and professional advisers, insurers, government bodies, your employer and other parties as required, including the Trustee of any other fund you may transfer your benefit to. By becoming a member of the Fund, it is assumed that you consent to this handling of your personal information. If you do not provide the Fund with your personal information, the Trustee may not be able to provide your superannuation benefits and choices.

You can request access to your personal information held by the Trustee. Should any of your personal information be incorrect, you may have the opportunity to correct it. There are, however, some circumstances where you may be denied access to your information. The Fund's Privacy Officer will advise if any of these circumstances apply.

The Trustee abides by the National Privacy Principles under the Privacy Act 1988 (Cth) and has adopted a Privacy Policy which sets out in more detail the way in

which it handles members' personal information. If you would like a copy of the Trustee's Privacy Policy, please contact the Fund's Administrator (contact details for the Fund's administrator can be found on page 27).

Questions about your superannuation?

Ask your Fund administrator

The Fund administrator
Lutheran Super
GPO Box 4303, Melbourne Vic 3001
Phone: 1800 635 796
Fax: (03) 9245 5827
Or contact us online at www.lutheransuper.com.au

Enquiries and complaints

If you have a question about your superannuation or want more information about the Fund, please contact the Fund administrator. Most queries can be sorted out over the phone.

However, if your query is not resolved to your satisfaction, you can contact the Enquiries and Complaints Officer:

Enquiries and Complaints Officer
Lutheran Super
197 Archer Street,
North Adelaide SA 5006
Phone: (08) 8267 7300
Fax: (08) 8267 7310

The matter will be investigated by the Enquiries and Complaints Officer and, where necessary, the Complaints Committee on behalf of the Trustee. You will be advised of the Trustee's decision as soon as possible and within 90 days, or within 30 days of the Trustee's decision, whichever is earlier. Sometimes further time is required for complicated matters. If we need more time we will let you know. Please remember to include an address to which the response can be mailed.

If you have a complaint and you are not satisfied with the response, or the matter can't be resolved, you may be able to refer the matter to the Superannuation Complaints Tribunal (SCT). The SCT is an independent government body which is set up to help resolve disputes between super funds and their members. Any complaints must be lodged with the Tribunal within certain time limits.

For more information you can contact the SCT on 1300 884 114 or write to:

Superannuation Complaints Tribunal
Locked Bag 3060,
GPO Melbourne Victoria 3001
Email: info@sct.gov.au

Monitoring enquiries

The Trustee may, at its discretion, monitor or record enquiries or transactions made by telephone. This is done for reasons of accuracy, security and service.

Extra information available

As a member of Lutheran Super, you should already have a member booklet or Product Disclosure Statement containing detailed information about your benefits and some of the important rules governing the Fund. You also receive an annual benefit statement setting out important personal information about your benefits in the Fund.

Any member of the Fund may request to see certain documents associated with the operation of the Fund. The documents available to members include:

- the Trust Deed that governs the Fund
- the Investment Policy Statement
- the Fund's Privacy Policy
- audited financial statements
- extracts from the latest actuarial review
- current Product Disclosure Statement.

If you would like to see any of these documents or need further information, please contact the Helpline on **1800 635 796**.



Financial summary

A summary of the Fund's accounts for the year ended 31 December 2011 is shown at right. Comparative figures for 2010 are also shown.

Copies of the audited accounts and the auditor's report are available on request from the Executive Officer. The financial statements confirm that the Fund is in a satisfactory financial position as at 31 December 2011. The audited financial statements are available by contacting the Fund's Helpline on **1800 635 796**.

Statement of the change in net assets

	31/12/11	31/12/10
Fund assets	319,656,909	\$297,660,804
Plus		
Net investment revenue	(1,554,030)	11,245,428
Employer contributions	32,825,879	31,843,611
Member contributions	3,050,537	2,741,012
Government co-contributions	542,466	708,182
Transfers from other funds	4,032,708	3,936,565
Other revenue	1,142,329	1,167,218
Total revenue	40,039,889	51,642,016
Less		
Benefits paid	26,680,355	21,123,263
General administration expenses	1,636,357	1,481,555
Insurance premiums	1,519,102	1,294,154
Income tax expenses	4,041,722	5,746,939
Total expenses	33,877,536	29,645,911
Fund assets as at 31 December	325,819,262	319,656,909

Net Fund assets

	31/12/11	31/12/10
Investment by facility		
Investments	318,060,276	319,113,186
Cash at bank	6,457,625	2,664,803
Other assets	2,098,057	428,557
Receivables	2,126,083	2,876,729
Total assets	328,742,041	325,083,275
Less		
Liabilities		
Provisions for income tax	2,047,383	2,531,739
Other liabilities	875,396	2,894,627
Total liabilities	2,922,779	5,426,366
Net assets as at 31 December	325,819,262	319,656,909

Reserves

The Fund maintains two formal reserves:

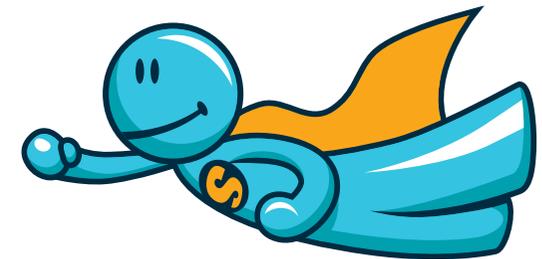
- an **Accumulation Reserve**
- an **Investment Reserve.**

The Accumulation Reserve helps the Fund manage expenses incurred by the Fund in respect of accumulation members. The Accumulation Reserve is invested 100% in the Capital Secure investment option.

The Investment Reserve contains any excess of investment returns obtained by the Fund's accumulation-related assets which have not been passed on to member accounts. The Investment Reserve is invested in the Fund's Trustee Mix (70% Growth and 30% Capital Stable).

The total amounts in each reserve are shown in this table:

Reserve as at 31 December	2011 \$	2010 \$	2009 \$
Accumulation	1,251,870	1,308,422	1,302,414
Investment	2,585,449	1,014,413	1,120,041



Lutheran Super

Freecall Helpline
1800 635 796

Facsimile
(03) 9245 5827

Mail
Fund administrator
Lutheran Super
GPO Box 4303
Melbourne, VIC 3001

Online information
www.lutheransuper.com.au

Issued by:

LCA Nominees Pty Ltd, ABN 61 008 204 939, RSE Licence No L0002103, AFS License 240571 as trustee for Lutheran Super, RSE Registration No R1005707 ABN 93 371 348 387

Disclaimers

The information contained in this 2011 Annual Report is general information only and does not take into account any person's individual financial objectives, financial situation or needs. Because of this, you should, before acting on the advice, consider the appropriateness of the advice having regard to your individual financial situation and needs. We recommend that you speak to a licensed financial adviser before you make an investment or insurance decision.

The value of investments in the Fund or any underlying investment options may rise and fall from time to time. LCA Nominees Pty Ltd or the employers do not guarantee the investment performance, earnings or return of capital invested in any of the investment options made available to members set out in this report. If you leave the Fund within a few years of joining, you may get back less than the contributions paid into the Fund due to the effect of taxes, fees and possible negative investment returns.

The information contained in this report is up-to-date at its preparation. However, some of the information can change from time to time, for example, fees or the structure of any of the investment options. If there is a material change, inaccurate statement or omission the Trustee will inform you as required. If there is any inconsistency between the Trust Deed and this report, the Trust Deed will be the final authority.

For other changes and information about any investment option you can call the Lutheran Super Helpline on 1800 635 796 for an update.