

Annual Report 2016

Have a look
inside to see how
Lutheran Super
has performed



Contact us

1800 635 796

The Fund Administrator
Lutheran Super
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Melbourne VIC 3001

www.lutheransuper.com.au

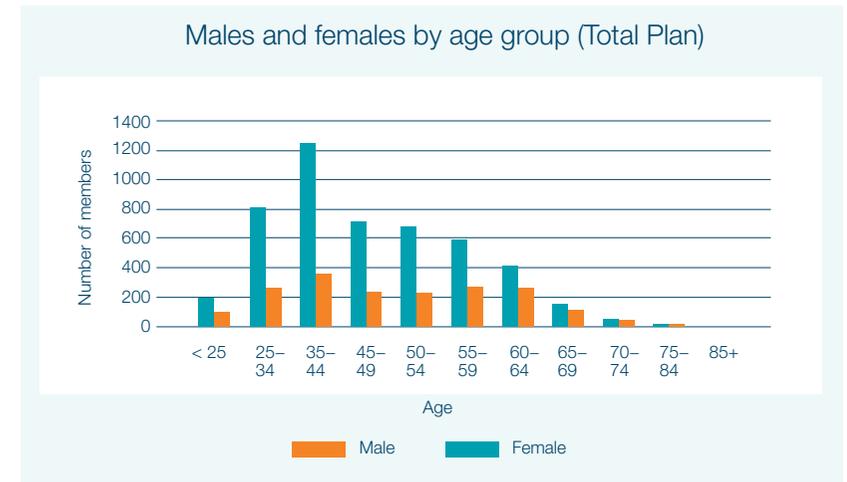
Issued by LCA Nominees Pty Ltd
ABN 61 008 204 939 AFSL No 240571 as
Trustee of Lutheran Super ABN 93 371 348 387.
MySuper authorisation 93371348387621

Lutheran Super at a glance (as at 31 December 2016)

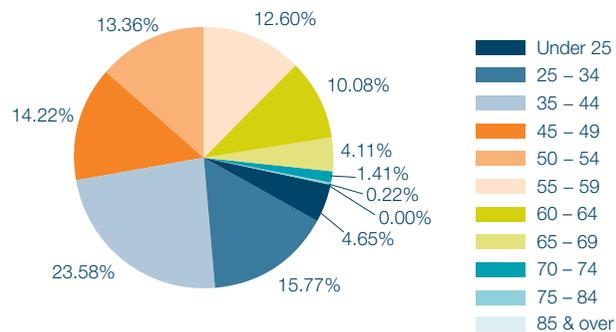
Membership profile

Age	Male	Female	Total members	Percentage of total members
Under 35	363	939	1,302	19.56%
35 – 49	587	1,924	2,511	37.72%
50 – 59	489	1,233	1,722	25.87%
60 – 64	263	422	685	10.29%
65 & over	193	244	437	6.56%
Total	1895	4,762	6,657	100.00%
% of total	28.47%	71.53%	100.00%	
Average age	48.67	46.31	46.98	

Gender profile



Age profile



Inside this report...

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Chairman's report

Dear member,

It is my pleasure to bring you the Lutheran Super annual report for the year ending 31 December 2016. This report provides a detailed update on the Fund's investment performance and financial position for the 2016 year, as well as information about the Fund's management.

Our key focus continues to be helping our members achieve financial security, both now and in retirement. We are also dedicated to providing personalised service to members to help them to manage their super.

Our new business development officer

To this end, Katie Lightfoot joined the Lutheran Super team as business development officer in July 2016.

Katie is based on Brisbane, taking over from Graeme Drapper.

Katie is available to assist with any super transactions and can be contacted:

P: 0439 020 770

E: katie.lightfoot@lca.org.au

Katie will visit workplaces periodically, so watch for details of Katie's next visit to your workplace.

Investment performance

Investment markets were considerably impacted by major global political events over the 2016 calendar. Pleasingly, Lutheran Super's investment returns for all investment options finished the year in positive territory. The Growth – Australian Shares option was the best performing option, delivering close to 14% for the year.

For an overview of investment markets over the year, please read your *2016 Super Update* which accompanied your *2016 Member Statement* or go to the **Documents and forms** on the Lutheran website, www.lutheransuper.com.au. Compound returns over five years continued to be solid, with the Growth – Australian Shares and Growth – SRI Australian Shares options returning over 11% p.a. while the Growth option returned close to 13% p.a.

Full details of each of the options' investment performance is provided on pages 9 to 15 in this report.

Changes to Super

The May 2016 Federal Budget saw the Government announce some major changes to super that will begin to take effect from 1 July 2017. Amongst them is the reduction in both concessional and non-concessional caps, which may have an impact on your retirement savings plan. The implementation of 'catch-up' concessional contributions will come into effect from 1 July 2018.

For more information, click on the **New super rules from 1 July 2017** link on the Lutheran Super home page, www.lutheransuper.com.au. If you are unsure how these changes will affect you, call the Lutheran Super Helpline on **1800 635 796** and you can speak to a financial adviser over the phone at no cost.

Keeping your super in one fund could save time and fees

In 2014, the Australian Taxation Office estimated there was a total of \$14 billion of lost super. Of this, \$8 billion was sitting in accounts which had not received a contribution for five years or more. This represents a huge loss of retirement income through unnecessary fees and costs. Which is why we have made it as easy as possible for you to consolidate any other super accounts you may have into your Lutheran Super account by using the online consolidation functionality.

Having one account makes keeping track of your super easy and it could help to save on fees.

If you have super accounts in more than one fund, you may want to consider rolling your super into your Lutheran Super account. You should check whether your other fund charges any exit fees and how any other benefits in your other fund, such as insurance cover, are affected before you consolidate your accounts. You may wish to obtain independent financial advice before consolidating your super.

If you know the details of your other super funds and we hold your tax file number, you can complete an online roll in request in less than 10 minutes, without any forms or hassles. After signing into your online account, go to **Your super** page and click on the link on the right, **Start an online rollover request**. Then follow the process to make your request online.

If you need help with your roll in, you can also call Nicky Tsokkos on (08) 8267 7338.

If you'd like to speak to a licensed financial adviser before making any changes, you can do so over the phone at no cost by calling the Lutheran Super Helpline on **1800 635 796**.

Questions?

Please take the time to read this annual report to understand what has been happening with your super over the last twelve months. If you have any questions about the report or your super, call the Helpline.

Once again, it has been my pleasure to serve our members and employers over the last twelve months.

I extend my sincere thanks to the directors on the Trustee and the Lutheran Super team for their unwavering dedication to the management of the Fund. I'm proud of our achievements in continuing to deliver excellent super benefits and services to our members and their families, now and into the future.

Because you're valued.

Sincerely,

John Grocke
Chairman



A handwritten signature in black ink that reads "John Grocke". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Grocke".

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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.

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. You can obtain financial advice about your options over the phone at no cost by calling the Lutheran Super Helpline on **1800 635 796**

If you have not made an investment choice, you are considered to be a MySuper member and your contributions are invested in the Lutheran Super Balanced option – MySuper compliant.

The Lutheran Super Balanced option – MySuper compliant has exposure to share markets to provide the opportunity for capital growth over the long term while also being invested in cash and fixed interest investments to provide some protection when share markets are not performing.

The MySuper product dashboard gives investment return information about the Lutheran Super Balanced option – MySuper compliant and can be used to compare other MySuper products. The dashboard is available in the **Forms & Publications** section of the Lutheran Super website.

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 to 31 December 2016

The following graphs show the investment performance, after tax and fees, for all the Lutheran Super investment options for one, five and ten years to 31 December 2016. Graph 1 shows returns for members with superannuation accounts and Graph 2 shows the returns for account-based pensions.

Lutheran Super pension investment options became available from 1 July 2008, so the ten year average returns are not available. The average annual returns for one, five years and since commencement are shown.

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.

Graph 1: Lutheran Super investment returns to 31 December 2016 for superannuation members



Graph 2: Lutheran Super investment returns to 31 December 2016 for pension members



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 *2016 Member Statement*.



Your super benefit

For Accumulation Division members, your super benefit is your account balance. For Pension Division members, it is your retirement income stream account balance. Your account is invested (after tax and expenses) according to your choice of investment option(s). So the amount you ultimately receive is directly linked to the investment performance of your selected option or mix of options.

Your investment purchases units

Your super contributions (after fees and tax) buy 'units' in your chosen investment option(s). The number of units bought depends on the unit price at the relevant time. For example, if your net contribution is \$1,000 and the unit price of your chosen investment option is \$1.00 at that time, then 1,000 units would be bought on your behalf. Alternatively, if the unit price was \$1.25 then 800 units would be bought.

Unit prices are calculated weekly and will go up and down as investment markets shift, affecting the value of your units and consequently the value of your investment. The unit price for each option also takes into account tax, investment-related fees and other expenses. (Investment earnings in the account-based pension investment options are not taxed. From 1 July 2017, investment earnings on transition to retirement pensions will incur up to 15% tax, until the holder meets a condition of release.) The value of your account balance at any time is simply the number of units you have multiplied by their unit price at that time.

Net investment returns on your chosen investment options (which may be positive or negative) will be reflected via changes in unit prices. If the net investment returns for the option are positive, the unit price will increase. If the net investment returns are negative (a loss), the unit price will decrease. Weekly unit prices are posted on Lutheran Super's website.

Investment objectives and strategy

The Trustee is required by law to set investment objectives for the Fund and its underlying investment options. The Trustee has an investment policy that sets investment strategy and objectives that determine how and where Lutheran Super's assets will be invested. Having a strategy helps ensure the Fund maximises investment returns while maintaining an acceptable level of risk. The investment policy also covers other related matters, such as appointment of investment managers and guidelines for investments in futures and options.

The Trustee regularly monitors Lutheran Super's performance against its objectives and strategy and changes are made where necessary.

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.

Allocation of earnings

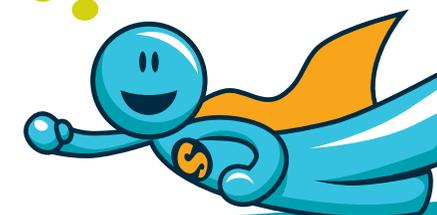
The Trustee calculates a unit price on a weekly basis which takes account of investment earnings whether positive or negative. Net earnings are allocated to member accounts via a weekly unit price calculation process.

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.

Lutheran Super has a strategy for investments



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.

Minimum suggested investment time frame

One or more years.

Level of risk – very low

Likely never to have a negative return.

Return performance

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

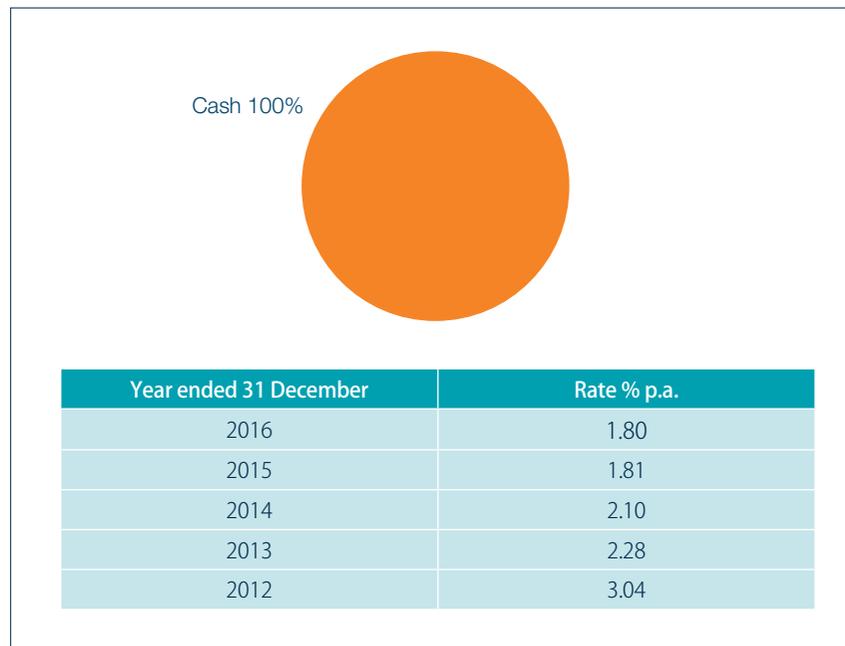
The five-year average rate of return for this option for the period ending 31 December 2016 was 2.20% p.a.

The investment return for Pension Members in the Capital Secure option from 1 January 2016 to 31 December 2016 was 1.94% p.a.

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

If choosing this option

The buy-sell cost of transferring into the Capital Secure option from another investment option is in the range 0.11% to 0.15% of the money being switched into this option.



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Capital Stable option

Objectives

- The 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, returns after tax and fees that exceed the Consumer Price Index (CPI) increases by at least 1.5% p.a. over rolling five and seven-year periods will be sought.
- The Trustee will aim to earn a rate of return p.a. after tax and fees above the median fund in the *SuperRatings Crediting Rate Survey – Capital Stable* survey over rolling three and five-year periods.
- Over a three-year period, the Capital Stable option will aim to have a Reward to Risk Ratio higher than the Reward to Risk Ratio of the median fund in the *SuperRatings Crediting Rate Survey – Capital Stable* 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.

Minimum suggested investment time frame

Three or more years

Level of risk – low to medium

Possibility of a negative return in 1.4 out of 20 years.

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 2016 was 6.06% p.a.

The investment return for Pension Members in the Capital Stable option from 1 January 2016 to 31 December 2016 was 6.03% p.a.

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

If choosing this option

The buy-sell cost of transferring into the Capital Stable option from another investment option is in the range of 0.16% to 0.20% of the money being switched into this option.



Balanced option – MySuper compliant

Objectives

- The broad investment aim of the Trustee is to maximise the option’s year-to-year long-term investment returns, whilst accepting a significant degree of variability in year-to-year returns.
- More specifically, returns after tax and fees that exceed CPI increases by at least 3% p.a. over rolling five and seven-year periods will be sought.
- The Trustee will aim to earn a rate of return p.a. after tax and fees above the median fund in the *SuperRatings Crediting Rate Survey – Balanced survey* over rolling three and five-year periods.
- Over a three-year period, the Balanced option will aim to have a Reward to Risk Ratio higher than the Reward to Risk Ratio of the median fund in the *SuperRatings Crediting Rate Survey – Balanced 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.

Minimum suggested investment time frame

Five or more years

Level of risk – medium to high

Possibility of a negative return in no more than three to four out of 20 years.

Return performance

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

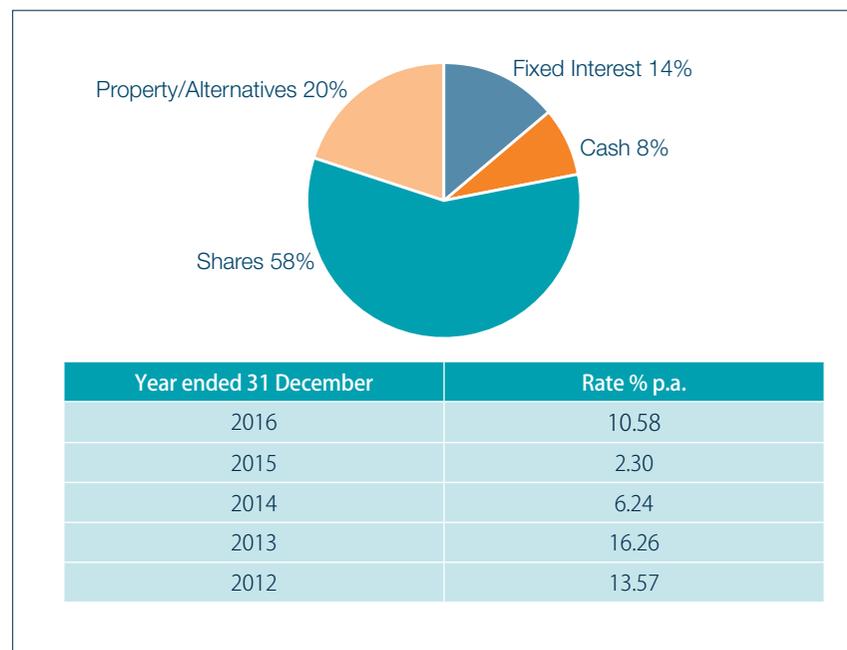
The average compound rate of return for the five years to 31 December 2016 was 9.67% p.a.

The investment return for Pension Members in the Balanced option from 1 January 2016 to 31 December 2016 was 11.67% p.a.

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

If choosing this option

The buy-sell cost of moving to this option is in the range of 0.36% to 0.42% of the amount switched into this option.



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Growth option

Objectives

- The broad investment aim is to maximise the option’s long-term investment returns and a high degree of variability in year-to-year returns is to be tolerated.
- More specifically, returns after tax and fees that exceed CPI increases by at least 3.5% p.a. over rolling five and seven-year periods will be sought.
- The Trustee will aim to earn a rate of return after tax and fees above the median fund in the *SuperRatings Crediting Rate Survey – Growth* survey over rolling three and five-year periods. Over a three-year period, the Growth option will aim to have a Reward to Risk Ratio higher than the Reward to Risk Ratio of the median fund in the *SuperRatings Crediting Rate Survey – Growth* survey. The Reward to Risk Ratio is calculated as the annualised return divided by the annualised standard deviation of the return.

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.

Minimum suggested investment time frame

Six or more years

Level of risk – high

Possibility of a negative return in no more than four to six out of 20 years.

Return performance

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

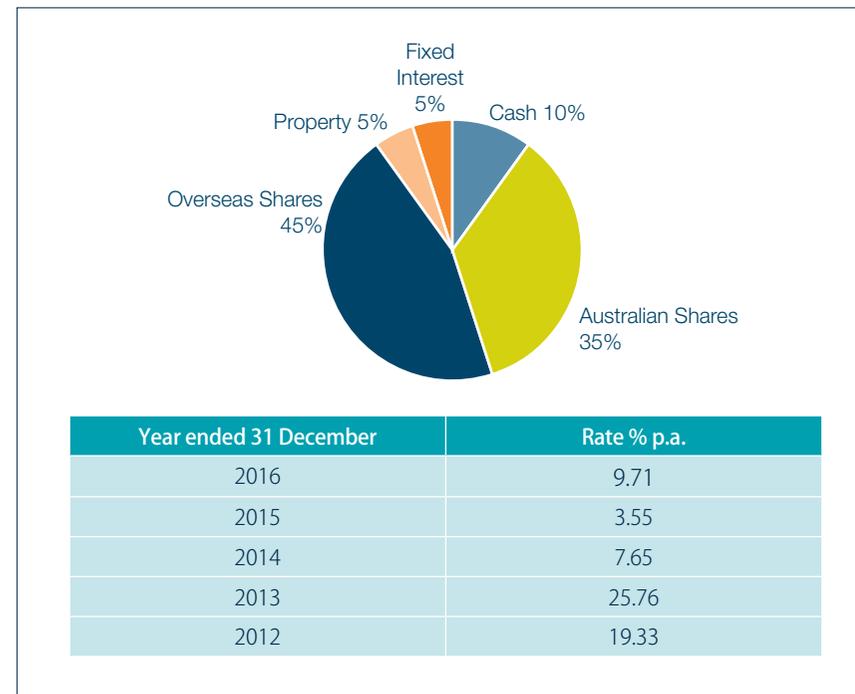
The average compound rate of return for the five years to 31 December 2016 was 12.91% p.a.

The investment return for Pension Members in the Growth option from 1 January 2016 to 31 December 2016 was 10.59% p.a.

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

If choosing this option

The buy-sell cost of transferring into the Growth option from another investment option is in the range of 0.15% to 0.21% of the money being switched into this option.



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.

Minimum suggested investment time frame

Seven or more years

Level of risk – high

Possibility of a negative return in no more than four to six out of 20 years.

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 2016 was 11.37% p.a.

The investment return for Pension Members in the Growth – Australian Shares option from 1 January 2016 to 31 December 2016 was 15.12% p.a.

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

If choosing this option

The buy-sell cost of moving to this option is in the range of 0.16% to 0.22% of the amount switched into this option.



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 and 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 in areas such as:
 - renewable energy
 - sustainable agribusiness
 - ecotourism.

All money is invested in Australian shares.

Minimum suggested investment time frame

Seven or more years

Level of risk – low to medium

Possibility of a negative return in no more than four to six out of 20 years.

Return performance

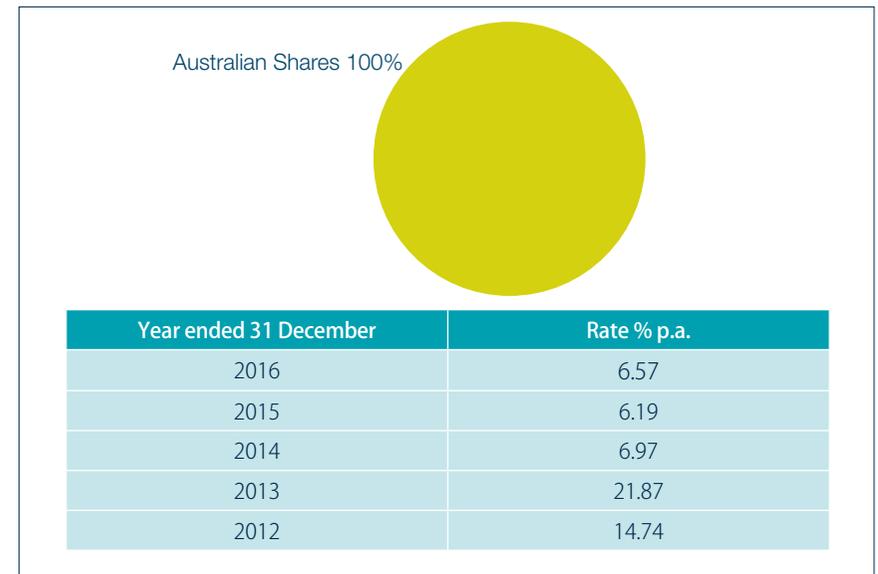
The investment returns for the Growth – SRI Australian Shares option in recent years are listed in the table below. The average compound rate of return for the five years to 31 December 2016 was 11.1% p.a.

The investment return for Pension Members in the Growth – SRI Australian Shares option from 1 January 2016 to 31 December 2016 was 7.16% p.a.

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

If choosing this option

The buy-sell cost of transferring into this option is 0.95% of the money that is switched into this option.



Defined benefit information

For Defined Benefit members, some of your benefits may be based on your salary and period of service, and some on your account balances in the Fund. In a defined benefit fund, you pay a fixed member contribution. The remaining money required to provide your benefits comes from your employer's contributions and investment earnings. The amount your employer provides depends on the Fund's investment performance and financial position.

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 2016) the value of the Fund's assets amounted to 110% of the sum of all Defined Benefits members' 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

Defined Benefit members have had investment choice 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 effective rate that was applied to the Defined Benefit member account for the year ended 31 December 2016 was 2.42% p.a.

Defined benefits

Objectives

- The broad investment aim of the Trustee is to maximise the assets' long-term investment returns, whilst accepting a reasonable degree of variability in year-to-year returns.
- More specifically, returns after tax and fees that exceed CPI increases by at least 2.5% p.a. over rolling five and seven-year periods will be sought.
- The Trustee will aim to earn a rate of return p.a. after tax and fees above the median fund for 80% of the *SuperRatings Crediting Rate Survey – Diversified Fixed Interest Stable* survey and 20% of the *SuperRatings Crediting Rate Survey – Cash* survey over rolling three and five-year periods.
- Over a three-year period, the Defined Benefit Option will aim to have a Reward to Risk Ratio higher than the Reward to Risk Ratio of the median fund for 80% of the *SuperRatings Crediting Rate Survey – Diversified Fixed Interest Stable* survey and 20% of the *SuperRatings Crediting Rate Survey – Cash* survey.

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

Strategy

All money is invested in fixed income investments such as fixed interest and cash assets.

Return performance

The investment returns for defined benefit assets in recent years are listed in the table below.

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



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
- Balanced Fund
- Australian Equity Fund

Vanguard Investments Australia Limited

- High Growth Index Fund
- Balanced Index Fund
- Cash Reserve Fund
- International Shares Index Fund (Hedged)

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

Mercer Investments (Australia) Limited

- Mercer Cash Fund Term Deposit Units

Henderson Global Investors

- Cash Enhanced Trust

Did you know?

A key benefit of Lutheran Super is no commissions and no establishment fees.



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 2016, there were eight directors of the company, four of whom are elected by the members of the Fund and four appointed by the principal employer, the Lutheran Church of Australia.

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

The Directors as at 31 December 2016 were:

Employer appointed

Mr John Grocke – Chairman
Financial Planner
Johnston Grocke Financial Services

Mr Allen Truslove
Allen L Truslove Actuary & Statistician Pty Ltd

Mr Anthony Klatt
Financial Planner
Johnston Grocke Financial Services

Ms Sarah Dixon
Group Manager Rowland

Member-representative

Mr Lester Kerber
Business Manager
Luther College
Croydon, VIC

Mr John Findlay
Retired Teacher
St Peters Lutheran College
Indooroopilly, QLD

Ms Bernadette Latimer
Business Manager
St John's Lutheran Primary School
Bundaberg, QLD

Mr Greg Cuthbert
Education Leader- Senior Studies
Mt Maria College
Mitchelton, QLD

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 20 for contact details).

The term of office for the member-representative directors is four years. The terms of office for the current member-representative directors cease in either 2017 or 2019.

Did you know?

The Trustee Board operates in the best interests of members.

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 Outsourcing (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
- Mercer Investments (Australia) Limited
- Henderson Global Investors

Audit

- KPMG

Insurance

- AIA Australia Limited

Legal advice

- Wallmans Lawyers
- Mercer Legal Pty Ltd

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 another 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 \$6,000 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.

ERFs are designed as holding funds. As a result, the level of investment risk taken and therefore the rate of return in the ERF may be lower than in other superannuation funds. They do not provide insurance cover. You can transfer your super out of an ERF to another fund or, subject to preservation rules, have it paid to you. It's recommended you seek financial advice about the arrangements that will suit you.

AUSfund investment objectives:

- to invest monies to give security to members' monies over the medium term, however you may suffer negative returns and you may be entitled to less money than is transferred.

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

It is important to remember that 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 regarding your benefits that have been transferred.

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

AUSfund Administration

Locked bag 5132
Parramatta NSW 2124
P: 1300 361 798
F: 1300 366 233
E: admin@ausfund.net.au
W: ausfund.com.au

How we protect your privacy

Lutheran Super is committed to ensuring the privacy of personal information of members and other individuals with whom we deal.

Lutheran Super is bound by the Australian Privacy Principles (APPs) which are the base line privacy standards under the *Privacy Act 1988 (Cth) (Act)*.

Lutheran Super respects your right to privacy and protecting your personal information. The Lutheran Super *Privacy Policy* is available to view on the Lutheran Super website, www.lutheransuper.com.au

The *Privacy Policy* details how Lutheran Super collects, handles uses and discloses personal information. It also outlines how you can seek access to and update your personal information, or complain about a breach of the APPs. More details about the way Lutheran Super manages your personal information can be obtained by contacting Lutheran Super's Privacy Officer.

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 2016 is shown below. Comparative figures for 2015 are also shown.

Copies of the audited accounts and the auditor's report are available on request from the Chief Executive Officer. The financial statements confirm that the Fund is in a satisfactory financial position as at 31 December 2016. The audited financial statements are available by contacting the Fund's Helpline on **1800 635 796**.

Statement of the change in net assets

	31/12/2016 \$	31/12/2015 \$
Fund assets	468,496,675	453,081,716
Plus		
Net investment revenue	44,129,392	13,433,305
Employer contributions	37,096,554	36,414,727
Member contributions	4,875,272	3,587,564
Government co-contributions	88,677	95,220
Transfers from other funds	10,157,671	8,531,343
Other revenue	1,024,600	1,020,048
Total revenue	97,372,166	63,082,207
Less		
Benefits paid	32,494,877	34,671,220
General administration expenses	2,161,103	2,053,208
Insurance premiums	6,167,529	6,012,944
Income tax expenses	4,891,468	4,929,876
Total expenses	45,714,977	47,667,248
Fund assets as at 31 December	520,153,864	468,496,675

Net Fund assets

	31/12/2016 \$	31/12/2015 \$
Investment by facility		
Investments	516,105,128	466,371,626
Cash at bank	5,461,887	4,296,664
Other assets	199,369	154,860
Receivables	1,883,815	960,373
Total assets	523,650,199	471,783,523
Less		
Liabilities		
Provisions for income tax	2,086,143	2,371,680
Other liabilities	1,410,192	915,168
Total liabilities	3,496,335	3,286,848
Net assets as at 31 December	520,153,864	468,496,675

Reserves

The Fund maintains three formal reserves:

- an **Accumulation Reserve**
- an **Investment Reserve**
- an **Operational Risk Financial Reserve (ORFR)**.

Each of the reserves is separately identified to any money or other assets of Lutheran Super, the Trustee or its participating employers.

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 Balanced Option – MySuper compliant.

The Operational Risk Financial Reserve (ORFR) was created to meet the requirements of superannuation Prudential Standard guideline SPS 114, which was effective from 1 July 2013, to cover losses resulting from inadequate or failed internal processes, people and systems or from external events. The ORFR is invested 100% in the Capital Secure investment option.

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

Reserve as at 31 December	2016 \$	2015 \$	2014 \$	2013 \$
Accumulation	2,062,213	1,861,909	749,027	809,186
Investment	5,315,932	4,710,222	4,826,604	3,126,232
Operational Risk Financial Reserve (ORFR)	1,215,000	1,215,000	1,085,000	–

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 MySuper authorisation 93371348387621

Disclaimers

The information contained in this 2016 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 and read the Product Disclosure Statement 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. The Trustee is not liable for any such statement or omission. 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. The Trustee is not liable for any such statement or omission. 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.