



Be sure you read this notice carefully to understand these changes.

Lutheran Super
You're valued

Lutheran Super MySuper: Important changes to your super from 1 January 2014

Lutheran Super's MySuper product will become available from 1 January 2014.

This means that how your super is invested in Lutheran Super will change, as well as some fees and costs.

You can always choose how your super is invested. However, if you take no action, you will be classified as a Lutheran Super MySuper member and your super will be invested in Lutheran Super's new default investment option called **Lutheran Super Balanced option – MySuper compliant**.

You can choose to opt out of becoming a Lutheran Super MySuper member by completing and returning the enclosed *MySuper opt out* form by 20 December 2013.

You can also choose one or more of Lutheran Super's investment options at any time by completing a *Changing your investment options* form available on the Fund's website, www.lutheransuper.com.au

Please read this notice carefully to understand how the changes may apply to you. If you then have questions, please call the Helpline on **1800 635 796**.

1. MySuper: An overview

'MySuper' is one of the main components of a larger set of changes made by the Commonwealth Government to the superannuation system known as 'Stronger Super'. The Stronger Super reforms are designed to strengthen the Australian retirement system and are some of the most significant reforms since the Superannuation Guarantee was introduced almost 20 years ago.

MySuper is intended to be a new, simple product for employees who do not choose a fund or an investment option for their super. Employer contributions must be paid into a MySuper compliant product from 1 January 2014 unless the employee has actively made a choice.

Lutheran Super supports the Government's Stronger Super measures.

Lutheran Super has applied for authorisation to offer a MySuper product within the Fund. We anticipate that we'll receive MySuper authorisation from the Australian Prudential Regulation Authority (APRA) in the near future.

2. Changes to Lutheran Super from 1 January 2014

The following changes will take effect from 1 January 2014:

- Lutheran Super's default investment option that applies where members don't make an investment choice for their super will change. The Fund's Balanced investment option will become the Lutheran Super MySuper option (the new default option) and will be renamed the **Lutheran Super Balanced option – MySuper compliant**. This will replace the current default investment option, the Trustee Mix.

Your super contributions are currently being invested in the Trustee Mix, so how your super contributions are invested will change from 1 January 2014. However, you can opt out if you don't want this change to occur. See section 3.1 for details.

- The investment management fees and buy/sell spreads may change for each of the investment options as a result of the transition to MySuper. See section 3.2 for details.
- Fees for making a withdrawal or final benefit payment will increase, however the investment switching fee will be removed. See section 3.3 for details.
- An option to cancel death and total and permanent disablement (TPD) or income protection insurance cover at any time. You should take care to properly consider you own personal circumstances before exercising this option. See section 3.4 for details.
- Member benefit protection will be removed. All members will have administration fees deducted from their account, regardless of the size of their account balance. See section 3.5 for details.
- Under Stronger Super, all super funds are required to establish and maintain an Operational Risk Financial Reserve. See section 4 for details.

3. The changes in detail

3.1 Lutheran Super Balanced option – MySuper compliant

Pending MySuper authorisation from APRA, Lutheran Super's Balanced investment option will become the Fund's MySuper product from 1 January 2014. The option will be renamed the Balanced option – MySuper compliant. The renaming of the Balanced option as a MySuper product will not result in any change to the way the investment option works: the investment strategy and objectives won't change.

The Trustee Mix that applies to your super depends on the date you joined Lutheran Super. Table 1 shows the three variations of Trustee Mix and the relevant joining dates.

Table 1: Trustee Mix variations

Trustee Mix	Date joined Lutheran Super
70% Growth 30% Capital Stable	1 January 2007 – 31 December 2013
50% Growth 25% Capital Stable 25% Capital Secure	1 January 2001 – 31 December 2006
25% Growth 25% Capital Stable 50% Capital Secure	Prior to 1 January 2001

Your future super contributions

Your employer contributions and any other contributions will continue to be made into your Lutheran Super account. However, if your super is currently invested in one of the above forms of Trustee Mix as at 31 December 2013, from 1 January 2014 your contributions will go into the Balanced option – MySuper compliant. This change will happen automatically, you don't need to take any action. You will then be classified as a Lutheran Super MySuper member.

The level of Superannuation Guarantee (SG) employer contributions that your employer makes for you won't change as a result of MySuper. Neither will your ability to make additional super contributions before or after tax or split contributions with your spouse.

Your 'accrued default amount' – treatment of your current super account balance

If you are classified as a Lutheran Super MySuper member, the total amount held in your account will be classified as an 'accrued default amount' or ADA. All ADAs must be moved into a MySuper product by 30 June 2017.

It is anticipated that your ADA will also be transferred to the Lutheran Super MySuper product in mid-2014. You will receive more information about the treatment of your ADA in April 2014 with your annual member statement.

You can choose not to become a Lutheran Super MySuper member

If you don't want your super contributions to be invested in the Lutheran Super Balanced option – MySuper compliant, you must tell us in writing by completing and returning the *MySuper opt out* form enclosed with this notice. If you request not to change, your super contributions will continue to be invested in the Trustee Mix and you won't become a Lutheran Super MySuper member. We must receive your form **no later than 20 December 2013** to ensure your request is processed by 1 January 2014. You will receive written confirmation that your request has been received.

If you want to change your investment choice from the Trustee Mix to an option other than the Balanced option or to any mix of options at any time, complete and return a *Changing your investment options* form, available from the Lutheran Super website.

For information about Lutheran Super's investment options, read the *Membership guide* and *Member information booklet*, which are both available in the **Forms & publications** section of the Lutheran Super website or call the Helpline for a copy.

3.2 Investment management fee changes

As a result of the Balanced option becoming its MySuper product, Lutheran Super has been able to negotiate a reduction in this option's estimated investment management fee range from 0.39% – 0.43% p.a. to 0.37% – 0.43% p.a.

The transition to MySuper will also affect Lutheran Super's other investment options so investment management fees for these options may change. The full transition of monies from the Trustee Mix to the MySuper product will not be completed until July 2014, so the resulting investment management fees for the other investment options cannot be confirmed at this time.

We will inform you of any changes to investment management fees once these have been confirmed. We will provide you with at least 30 days' notice before any increase to fees, if applicable, take effect.

Some buy/sell spreads will also change from 1 January 2014. The spread for each option is shown in Table 2 on the following page.



Table 2: Buy/sell spreads

Investment option	Up to 31 December 2013 % p.a.	From 1 January 2014 % p.a.
Growth SRI Aust Shares	0.50	0.50
Growth Australian Shares	0.53 – 0.57	0.50
Growth	0.37 – 0.43	0.27 – 0.35
Balanced – MySuper compliant	0.44	0.44
Capital Stable	0.14 – 0.18	0.10 – 0.22
Capital Secure	0.00	0.00

3.3 Other fee changes

From 1 January 2014, withdrawal and benefit payment (termination) fees will increase. However, the investment switching fee will be removed. Lutheran Super already keeps fees to members as low as possible so there won't be any change to other administration fees. Table 3 below shows the fee changes.

Table 3: Fee changes from 1 January 2014

Fee	Up to 31 December 2013	From 1 January 2014
Switching fee	One free switch per calendar year; subsequent switches are \$30 each. A buy/sell spread also applies depending on the investment option.	\$0 The buy/sell spread will continue to apply.
Withdrawal fee	\$50	\$111.82
This is the fee charged for each payment made out from the Fund.		
Termination fee	\$50	\$111.82
This is the fee when you close your account in the Fund.		

3.4 Option to cancel or vary insurance cover

You should be aware that as well as the existing flexible insurance options for death, total and permanent disablement (TPD) and income protection cover, from 1 January 2014, you will also have the option to cancel your insurance cover altogether at any time. If you cancel your death cover, this will also cancel your TPD cover; you cannot have TPD only cover. You can cancel your income protection cover and retain your death and TPD cover and vice versa.

If you have existing insurance cover as at 31 December 2013, there won't be any change to your cover from 1 January 2014 unless you request a change.

Although the option to cancel insurance cover is a MySuper requirement, providing quality, value for money insurance cover for you and your family's financial security is a key priority of Lutheran Super. Before cancelling insurance cover, you should discuss your insurance needs with a licensed financial adviser to understand the financial implications if you aren't able to work or if you die. Be aware that if you request insurance cover in the future after cancelling your cover, evidence of good health will be required before any cover is provided.

3.5 Removal of member benefit protection

Prior to MySuper rules taking effect, superannuation law required super funds to not charge administration fees to members with an account balance under \$1,000, where investment earnings were less than the administration fee. This was called 'member protection'.

Under MySuper rules, all members with a MySuper balance must be charged the same fees and costs, which has prompted the Government to remove member protection. This means that, from 1 January 2014, administration fees will be deducted from all Lutheran Super member accounts regardless of the account balance.

4. Operational Risk Financial Reserve

To improve financial safeguards for members, Stronger Super legislation dictates that all super funds must establish an Operational Risk Financial Reserve, which is designed to provide a reserve against loss that may result from operational risks within the Fund's business operations.

Lutheran Super's Operational Risk Financial Reserve of approximately \$1 million must be in place by 30 June 2016 and will be funded from Lutheran Super's existing Investment Reserve.

More information

For more information about the Lutheran Super Balanced option or other investment options, read the *Member information booklet*, available from the Lutheran Super website, www.lutheransuper.com.au or call the Helpline on **1800 635 796** for a copy.

If you have questions about these changes, call the Helpline. If you would like to speak to a financial adviser, at no cost over the phone, about how your super is invested and your investment choice, you can also call the Helpline.

By providing a MySuper product, Lutheran Super will continue to offer members benefits that reflect our ongoing commitment to being a fund of excellence that supports our members to reach their financial goals. Because at Lutheran Super, you're valued.



Important information: This information has been prepared and published by LCA Nominees Pty Ltd ABN 61 008 204 939 as Trustee for Lutheran Super ABN 93 371 348 387 for the general information of members of Lutheran Super. It does not take into account any member's individual financial objectives, financial situation or needs. We recommend that you seek help from a licensed financial adviser before acting on any information contained in this document. The Trustee reserves the right to correct any errors or omissions. The Lutheran Super Helpline and the Lutheran Super website are provided by Mercer Outsourcing (Australia) Pty Ltd ABN 83 068 908 912 AFS Licence # 411980.