

3 October 2018

Lutheran Super
You're valued



Pension Membership Guide

For Lutheran Super Pension Members.

- Account based pensions
- Transition to retirement income streams

Lutheran Super is the only super fund dedicated to the benefit of the Lutheran Church of Australia community.

 1800 635 796

www.lutheransuper.com.au
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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.

Mission Statement

To be a Fund of excellence which enables members to plan for their financial goals and needs.

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About this Guide

This Guide provides a summary of significant information about Lutheran Super (the Fund) for Pension Members. It contains references to the **Product Disclosure Statement for Pension Members** (the PDS).

The PDS provides:

- full details on the Fund's pension products;
- must be referred to if you wish to apply for a pension from the Fund; and
- the application form for the Fund's pension products.

The information provided in this Guide is general information only and does not take into account your personal financial situation or needs.

The PDS and associated reference documents are available from the Lutheran Super website at www.lutheransuper.com.au – go to **Forms and publications > Product disclosure statements – Pension members**. You can request hard copies of these documents free of charge from the Helpline on **1800 635 796**. You should obtain financial advice that is tailored to your personal circumstances.

Information which is not materially adverse is subject to change and may be updated from time to time. You can find the updated information on the Fund's website or request a hard copy free of charge by contacting the Helpline.



Contact details

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Website: **www.lutheransuper.com.au**
Email: **www.lutheransuper.com.au >**
Contact us to access our online enquiry form
Postal address: **Lutheran Super**
GPO Box 4303
Melbourne Vic 3001

1. About Lutheran Super

Lutheran Super is the only superannuation fund dedicated to the benefit of the Lutheran Church of Australia community.

Lutheran Super is a not-for-profit fund that provides superannuation benefits to more than 6,500 members and manages over \$580 million of their super.

Lutheran Super is a MySuper compliant fund that specialises in providing superannuation, insurance, transition to retirement and pension benefits to members and their spouses.

Lutheran Super offers eight investment options, so you can choose to invest your super in one or any mix of the investment options (in whole percentages).

The Fund website provides a dashboard which summarises the key features of the Balanced Growth - MySuper option. This will be available through the **Forms & publications** section – under **Product dashboard**.

Lutheran Super's website also provides a section which sets out information that must be disclosed under superannuation laws (such as disclosure of Trustee and executive remuneration). This will be available through the **Forms & publications** section.

The Fund meets your needs now and into the future. So you can keep your super with Lutheran Super as you move from your working life into and throughout your retirement. You can also roll super from other funds into Lutheran Super so you have all your super in the one account before acquiring a pension product or retirement income stream.

The Fund is managed by a separate trustee company, LCA Nominees Pty Ltd, which must act in the best interests of members at all times. The Trustee Board consists of an equal number of employer nominated directors and member representatives elected by the members of the Fund and two independent directors. The Board also works closely with a team of superannuation experts and professional advisers who assist the Trustee in performing its duties for the Fund.

2. How an income stream and pension works

You can obtain an income stream or pension if you have reached your preservation age. There are two income stream options depending on your employment:

- **Transition to retirement income stream (TRIS):** which allows you to draw an income stream while you continue to work. Depending on your situation, this income stream gives you flexibility to reduce your working hours while maintaining your income or you can draw additional income while working the same hours.
- **Account based pension (pension):** which provides a regular income once you have permanently retired from the workforce or have met a condition of release under super law and you have access your super funds.

A minimum of \$50,000 is needed to start an income stream or pension in Lutheran Super. There is a maximum of \$1.6 million (indexed) called the **transfer balance cap**, that can be transferred in total to any pension account(s) in your name. If you exceed the cap, you will be liable for additional tax.

Your pension payments

You will receive your payments monthly. You can choose the amount of your payments within the set annual minimum amount based on your age, as shown in Table 1.

There is no maximum for a pension, however an annual maximum of 10% of your account balance can be drawn from a TRIS.

Lump sum payments are permitted from pension accounts only, provided a minimum of \$5,000 remains in your pension account for it to remain open.

Table 1: Annual minimum pension amounts

Age*	Percentage of pension account balance^
Under 65	4
65-74	5
75-79	6
80-84	7
85-89	9
90-94	11
95+	14

* Age is your age as at the start of the financial year or when you start a pension in the case of the first year.

^ In the year in which your pension commences, the minimum payment is based on the number of days remaining in the financial year. No minimum payment is required if the pension commences after 31 May.

Once your pension has started, you can't add to it. You must "commute" or roll your pension back to a Lutheran Super Retained benefits super account and restart your pension in order to increase your balance. Or you can commence another pension in addition to your current pension.

There is no fixed term on a pension or TRIS, your account will remain open until the balance has been fully drawn down or you commute it.

If you are over age 60, your pension payments are tax free. If you are under age 60, you receive concessional tax treatment on your payments.

No tax is paid on investment earnings on pension accounts or TRIS accounts where you are aged 65 or over or where you have met a condition of release. Investment earnings on TRIS accounts where you are under age 65 are taxed at up to 15%, as they are for superannuation accounts. **See Section 7: How super is taxed** of this Guide for more information about tax and your account.

Nominating your beneficiaries

If you die while your pension is in place, you can have your account paid as a lump sum or your pension payments can continue to be paid to your beneficiary. So you have two beneficiary options for your pension account:

1. An agreed death benefit beneficiary where the Trustee must pay your benefit according to your wishes where your nomination is valid. Your account will be paid as either:
 - a lump sum to your spouse, dependants or to your personal legal representative in any portions you specify
 - a pension to your spouse or dependants only, and you can only nominate one individual.
2. A preferred death benefit beneficiary where the Trustee will take your wishes into consideration, but is not legally bound by them in determining to whom and in what proportions your death benefit will be paid. Your benefit is paid as a lump sum.



You should read the PDS and important information about how retirement income streams and pensions work in Lutheran Super before making a decision. Go to the Fund's website, www.lutheransuper.com.au >

Forms and publications > Product disclosure statements – Pension members and read the **Product Disclosure Statement for Pension Members** for further information. The material relating to retirement income streams and pensions in Lutheran Super may change between the time you read this Guide and the PDS and the day you acquire the product.

3. Benefits of investing in Lutheran Super

Lutheran Super offers you value-for-money features, benefits and services.

All profits to members – Lutheran Super is dedicated solely for the benefit of our members and all profits are used for their benefit.

Low fees – our costs are kept as low as possible and you don't pay establishment, contribution or joining fees.

Choose how your account is invested – eight investment options, ranging from conservative to aggressive to suit your needs.

Financial advice – you have access to limited financial advice, at no cost, over the phone through the Lutheran Super Helpline. These financial advisers can provide advice about your contributions (if any), investment choice and retirement planning. Any advice you receive will be provided in writing.

Consolidate your super – before you commence your pension or TRIS, you can roll any other super into your Lutheran Super accumulation account.

Stay with us throughout your retirement – a choice of income stream and pension accounts to help you move into and enjoy your retirement.

Online information and updates – easy access to understand and manage your super, interactive tools and educational webinars. Plus you can view up-to-date account information at any time with the added convenience of online transactions.

Help when you need it – questions about your super? Call our dedicated Helpline on **1800 635 796**.

Agreed beneficiary nominations for death benefits – to ensure your benefit is paid according to your wishes as a pension or lump sum.

4. Risks of super

By understanding risk, you can make informed choices for your super.

Investment risk

All investments carry risk of some type. When investing in super, you should be aware that the value of your super may vary (up and down) depending on investment returns. Your investment is not guaranteed and you may lose some of the money you have invested due to negative returns. While past performance can show how an investment has performed, future returns may vary from past returns.

Different investment strategies may carry different levels of risk depending on the assets that make up the investment strategy. Investing in assets with the highest long-term returns may also carry the highest level of short-term risk.

Lutheran Super invests in a range of asset classes such as cash, fixed interest, property and shares – that have different levels of risk. We offer eight investment options, each made up of a different combination of these asset classes, which gives

each a different risk profile, ranging from low to very high. Lutheran Super works hard to reduce members' exposure to unnecessary risk but some level of risk is unavoidable.

Other considerations

It is also important to consider whether your current super, pension strategy and investment approach (along with any other investments you have) will generate adequate savings to fund the retirement lifestyle you desire. Be aware that your retirement investment needs to grow at a greater rate than inflation or there is the risk that the real value (buying power) of your savings will decrease.

Also be aware that the laws that govern super may also change in the future and this may affect your super.

Risk and your super

When choosing an investment approach for your account, you need to consider the level of investment risk that's appropriate for you, which usually depends on your age, investment time frame, other investments and individual risk tolerance. Seeking financial advice from a licensed financial adviser can help you to choose the most suitable investment approach for you.

Other risks you need to consider include the operational risk of the Fund, and insurance risk (for example, not meeting eligibility requirements or not having the claim met by the insurer).

You can use the "What type of investor are you?" quiz, available on the Lutheran Super website to help you better understand your own attitudes and preferences about risk and return. Go to www.lutheransuper.com.au > **Planning tools > What type of investor are you?**



You should read the PDS and important information about the significant risks of investing in superannuation before making a decision. Go to www.lutheransuper.com.au > **Forms and**

publications > Product disclosure statements – Pension members and read the **Product Disclosure Statement for Pension Members** for further information. The material relating to additional information about significant risks of superannuation may change between the time you read this Guide and the PDS and the day you acquire the product.

5. How we invest your money

How you invest your account is a personal choice and depends on your financial goals, investment timeframe and how comfortable you are with risk. You can choose one or a mix of eight investment options to suit your situation.

Your choice of investment options

Each of the Fund's pension investment options has a specified investment objective and offers a different risk/return profile. Each investment option is pre-mixed to provide diversification across a range of asset classes, and each mix is chosen by the Trustee.

You can choose one or more options in multiples of 1% of your total account balance, giving you more control over your desired asset mix and level of risk and return. The investment options, their strategic asset allocation and the Standard Risk Measures (that is the risk band and risk level) for each option is shown in table 2.

You can also specify the option(s) from which your pension payments are drawn, provided there is adequate money in that option.

If you don't make a choice for your pension account, your account will be invested in the same way it was in your accumulation account.

Table 2: Investment options

Investment option	Strategic asset allocation	Risk band	Risk level
High Growth All International Shares	100% growth	6	High
High Growth All Australian Shares Socially Responsible Investment (SRI)	100% growth	6	High
High Growth All Australian Shares	100% growth	6	High
High Growth	91% growth 9% defensive	6	High
Balanced Growth Socially Responsible Investment (SRI)	75% growth 25% defensive	5	Medium to high
Balanced Growth	75% growth 25% defensive	5	Medium to high
Conservative Growth	30% growth 70% defensive	3	Low to medium
Cash and Term Deposits	100% defensive	1	Very low

The Standard Risk Measure (the risk band and risk level above) is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. You should still ensure you are comfortable with the risks and potential losses associated with your chosen investment options.

Flexibility

You can change your investment choice at any time online or by completing a *Changing your investment options* form from the website in the **Member forms – Pension members** section. There is no fee to change your investment options. It's important to be aware that if your investment change request is received during the week before 4.00pm (AEST) Friday, it will be processed using next declared unit price, which is generally calculated on the following Monday. Unit prices are declared weekly and it may take up to 48 hours for it to be calculated, so your change request cannot be processed until that time. If your request is received after Friday 4.00pm (AEST), it will be considered to have been received in the next week and will then be processed using the unit prices that apply on the Monday following that week (i.e. the unit prices applicable nine days later).

The Trustee regularly reviews the investment options and may add new investment options, remove existing investment options or alter any investment option from time to time. You'll be kept informed of any such changes.

Before selecting one, or a combination of, investment options for your account, you should carefully consider the likely investment return, the risks in the investment option and your own investment timeframe.

Environmental, socially responsible or ethical considerations

By the end of the 2018 calendar year, none of the investment options will invest in controversial weapons or tobacco companies. The High Growth All Australian Shares SRI and Balanced Growth SRI options will not invest in shares in weapons manufacturing, alcohol, tobacco or gaming companies, or companies with an environmental and/or a human rights prosecution against them. Other than that, the Trustee does not take labour standards or environmental, social or ethical considerations into account in the selection, retention or realisation of investment made by Lutheran Super.



You should consider the likely investment return, the risk and your investment time frame when you choose an investment option.



You should read the PDS and important information about the Fund's investments before making a decision. Go to the Fund website www.lutheransuper.com.au > **Forms and Publications** > **Product disclosure statements – Pension members** and read the "Investments" section of the **Product Disclosure Statement for Pension Members** for further information. The material relating to the Fund's investment options (including making an investment choice, switching and the extent to which labour standards or environmental, socially responsible or ethical considerations are taken into account in the Fund's investment activity) may change between the time you read this Guide and the PDS, and the day you acquire the product.

6. Fees and costs

Did you know?

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

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

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

You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.

Table 3 summarises the Fund's main fees and costs that may be charged to members. The fees and costs may be deducted from your account balance, investment returns or from Fund assets as a whole. The information in Table 3 can be used to compare costs between different superannuation products. Lutheran Super does not pay any commission to financial advisers.

Table 3: Fees and costs for pension and TRIS accounts

Type of fee	Amount	How and when paid
Investment fees The amount you pay for specific investment options is shown in the next column.	An asset based investment fee depending on the investment option(s) that apply to you. This investment fee for each option is estimated to be: ¹ Cash and Term Deposits 0.13% pa Conservative Growth 0.36% pa Balanced Growth 0.57% pa Balanced Growth SRI 0.77% pa High Growth 0.70% pa High Growth All Australian Shares 0.37% pa High Growth All Australian Shares SRI 0.88% pa High Growth All International Shares 0.38% pa	The asset based investment fee is calculated and deducted on a weekly basis in determining the unit price.
Administration fees The fees and costs for managing your investment	A fee of \$3.00 per week for account based pensions and \$5.00 per week for TRIS PLUS An asset based administration fee of 0.30% pa of your pension account balance	This fee is deducted monthly from your pension account balance. The asset based fees are included in the calculation of the unit price for each investment option.
Buy/sell spread²	The maximum buy/sell spread for each option is: Cash and Term Deposits 0.00% Conservative Growth 0.15% Balanced Growth 0.31% Balanced Growth SRI 0.33% High Growth 0.35% High Growth All Australian Shares 0.38% High Growth All Australian Shares SRI 0.42% High Growth All International Shares 0.29%	The buy/sell spread applies to all investment transactions.
Investment switching fee	Nil	
Exit fee	\$124.91 ³	This fee is deducted from your account at the time your final payment is made.
Other fees and costs	See footnote ⁴ below	See footnote ⁴ below
Indirect cost ratio	Nil	Not applicable

¹ Investment fees shown are estimated by reference to investment-related fees and costs incurred for the 12 months to 30 June 2018 – accordingly, the actual investment fees will vary over the current period of the PDS based on actual fees and costs incurred. For more information on investment fees and buy-sell spreads for other investment options refer to the "Fees and costs" section of the **Product Disclosure Statement for Pension members**, available on the Fund website.

² For some of the investment options the buy price of units may vary from the sell price of those units. The difference between the buy and sell price represents an allowance for transactional and operational costs, expenses, commissions, brokerage and other fees that would be incurred in buying or selling part of the underlying investments in each investment option. This is commonly referred to as the **buy/sell spread**. Any buy/sell spread, as detailed above, is additional to the cost you incur as detailed in the "Fees and other costs table". No part of the buy/sell spread is paid to the Trustee or any external investment manager, nor is it subject to GST.

³ The Exit fee and Activity fees are indexed on 1 April each year based on the Private Sector Average Weekly Ordinary Time Earnings (AWOTE) movement over the most recent year.

⁴ Other fees and costs may apply, such as Activity fees, insurance fees and Family Law fees. See the "Fees and costs" section of the **Product Disclosure Statement for Pension members**, available on the Fund website.

The Trustee reviews the fees from time to time and may vary our fees at its discretion at any time without your consent. Where there is a materially adverse change to the fees and costs this **Guide** and **Product Disclosure Statement for Pension Members** will be updated. Where the change is not materially adverse, the change will be detailed on the Fund's website.

Table 4 gives an example of how the fees and costs in the Balanced option can affect your pension or TRIS investment over a one year period. You should use this table to compare this product with other superannuation products.

Table 4: Fees and costs for the Balanced Growth option in a pension and TRIS

Type of fee	Amount	How and when paid
Investment fees	0.57% p.a. of your pension or TRIS account balance	For every \$50,000 you have in the Balanced Growth option you will be charged \$285 each year.
PLUS Administration fees	\$156 (\$3.00 per week) for a pension or \$260 (\$5.00 per week) for a TRIS Plus 0.30% p.a. of your pension account balance	And , for every \$50,000 you have in the Fund you will be charged \$306 in administration fees for a pension or \$410 for a TRIS.
PLUS Indirect costs of the Balanced Growth option	Nil	Nil
EQUALS Cost of product	\$591* for a pension Or \$695* for a TRIS	If your balance was \$50,000, then for that year you would be charged fees of \$591* for the Balanced Growth option in a pension account, or \$695* for the Balanced Growth option in a TRIS . What it costs you will depend on the investment option(s) you choose.

* Additional fees may apply AND if you leave the Fund early, you may also be charged an exit fee of \$124.91



Before making a decision, you should read the PDS and important information about fees and costs associated with your Lutheran Super account and investment options before making a decision. Go to the Fund website, www.lutheransuper.com.au > **Forms & publications > Product Disclosure Statement – Pension Members** and read the "Fees and costs" section in the **Product Disclosure Statement for Pension Members** for further information. The material relating to Lutheran Super's fees and costs may change between the time when you read this Guide and PDS and the day you acquire the product.

7. How super is taxed

Tax concessions make pension accounts an attractive way to draw an income throughout your retirement.

Limits on transfers to pension accounts

There is a limit to the amount of money that can be transferred in total to an account in the retirement phase where investment earnings are tax-free, that is an account based pension or to a TRIS if you are aged 65 or over. This is called the **transfer balance cap** and is currently \$1.6 million. The cap amount will be indexed in \$100,000 increments, in line with the Consumer Price Index (CPI).

The cap applies over your lifetime, regardless of how many pension accounts you hold or how many times you transfer money into a pension or TRIS account. Once you reach the cap, you won't be entitled to access any indexation on the cap. Any subsequent investment earnings or losses on your account will not apply to the cap. This means that your account can go over the cap due to investment earnings. However, if you have reached your cap and your account balance falls due to pension payments or investment losses, you can't "top up" your account balance to the cap.

If your transfer balance exceeds this cap, you must reduce the balance to the cap or you will have to pay excess transfer balance tax.

The transfer balance cap doesn't apply to a TRIS where investment earnings are taxed. However, if you reach age 65 or meet a condition of release that allow your TRIS investment earnings to become tax free, then the transfer balance cap will apply to your TRIS.

Tax on investment earnings

Investment earnings are tax-free for balances in pension accounts, and for TRIS accounts where a member is age 65 or has met a condition of release. TRIS members will need to notify the Fund where this is the case. Investment earnings for a TRIS for members under age 65 and not meeting a condition of release, are taxed at up to 15%, as for superannuation accounts.

Tax on pension payments

If you are over age 60, pension payments and lump sum withdrawals from a pension account and pension payments from a TRIS are tax free.

If you are under age 60, the taxable component of your pension payments will be treated as income. Income tax at your marginal rate, plus the Medicare levy (and any Medicare surcharge) will be deducted at the time of payment. The non-taxable component of your payments may be tax-free.



While you don't have to provide your tax file number (TFN), if we do not have your TFN, we may be required to deduct tax at the highest marginal rate from any pension payments or withdrawals made to you before age 60.



You should read the PDS and important information about tax and your account before making a decision. Go to the Fund website www.lutheransuper.com.au > **Forms and publications > Product disclosure statements – Pension members** and read the section, "Tax and super" in the **Product Disclosure Statement for Pension Members**. The material relating to tax and super may change between the time you read this Guide and PDS and the day you acquire the product.

8. How to open an account

To open a pension account you will need to obtain a copy of the PDS, consider its contents and complete the application form. If you have reached your preservation age or met a condition of release and you have a minimum account balance of \$50,000 in a Lutheran Super accumulation account, you can commence a pension or TRIS.

If you have super in other super accounts, you may want to consider consolidating them into your Lutheran Super account if you want to use that money to commence your Lutheran Super pension or TRIS. Be sure to check any exit fees or the impact of any insurance cover before you do so.

Follow these steps to complete the *Application to join the pension category form* attached to the PDS.

1. Complete your personal details, being sure to include your residential address.
2. Indicate which pension account type you wish to open, a TRIS or account based pension.
3. Confirm which of the preservation conditions you meet to allow access to your super and to determine any tax exemption that will apply to your investment earnings. The form provides details of each of these conditions.
4. Specify the amount you want to transfer into your pension or TRIS account, with a minimum of \$50,000. You will also need to leave at least \$5,000 in your Lutheran Super accumulation account for it to stay open. This will allow you to roll your pension account back to your super account if you want to change the balance of your pension account. If you don't leave the minimum balance in your accumulation account, it will be closed.
5. Decide the total amount of your pension each year. Your payments will be paid into your nominated account around the 15th of each month.
6. Provide your banking details as your payments must be paid into a bank account, otherwise they cannot be paid to you.
7. Specify how you would like your account invested across one or more of the investment options. You can also specify from which of your investment options your pension payments are drawn. If you don't make a choice, your account will be invested in the same way it was in your super account. If you have more than one option and you don't specify the options from which your payments are to be drawn, they will be drawn each of option in the same proportions as they are invested.
8. If you die while a member of the Fund, to whom would you like your death benefit to go? Indicate which type of beneficiary nomination you would like to make. If you want to make an agreed death benefit nomination, fill out a *Binding death benefit nomination form*, available on the website or by calling the Helpline. To make a preferred or reversionary nomination, complete the relevant steps on the *Application to join the pension category form*.
9. If you are under age 60, be sure the Fund has your tax file number (TFN) so you don't pay more tax than you need on your pension payments. If we don't have your TFN, complete a *Providing your tax file number form*, available from the Fund website.
10. Provide your certified proof of identity – details about how to do this are provided on the application form.

11. Once you have confirmed that you have provided all the information required to commence your pension or TRIS, sign and date the form, then return it to the Fund administrator at the address on the form. Be sure to make a copy of the form for your records.

If you're unsure of what decisions to make, the Trustee recommends that you see a licensed or appropriately authorised financial adviser. You can also obtain limited financial advice over the phone at no cost by calling the Lutheran Super Helpline.

9. Other information

Making a complaint

If you have any questions about the Fund or if you feel we are not dealing with you as you would like, you can make a complaint to us by calling 1800 635 796 or writing to us at the address shown on the front of this Guide.

Consolidate your super

If you have superannuation savings in other funds, you may want to rollover those accounts into Lutheran Super before commencing your pension or TRIS. For assistance with this, please contact Lutheran Super on 1800 635 796. You should check with your other fund(s) to see what fees they may apply if you withdraw your money. You should also consider the impact it may have on any insurance cover you have with your other fund(s). It is a good idea to speak with a licensed or appropriately authorised financial adviser before making decisions about your superannuation.



