Lutheran Super - Product Disclosure Statement (PDS) for Pension Members

Issued 3 October 2018 for

- Account Based Pensions
- Transition to Retirement Income Streams (TRIS)

Trustee: LCA Nominees Pty Ltd
ABN 61 008 204 939
AFSL # 240571
MySuper unique identifier 933713487621

Administration:
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Melbourne VIC 3001

Helpline 1800 635 796

www.lutheransuper.com.au

About this document

LCA Nominees Pty Ltd, ABN 61 008 204 939, RSE Licence No L0002103, AFS Licence No 240571, is the trustee of Lutheran Super RSE Registration No R1005707, ABN 93 371 348 387 and the issuer of this Product Disclosure Statement (PDS). The RSE licensee has authority to offer a MySuper product with the unique identifier 933713487621.

Any reference throughout this PDS to 'the Trustee', 'we' or 'us' means LCA Nominees Pty Ltd. Any reference to 'you' means you as a pension member of Lutheran Super (the Fund). Any reference to 'employer' means any participating employer in the Fund. Any reference to 'financial adviser' means a licensed or appropriately authorised, financial adviser.

This PDS describes in simple terms the benefits provided for all pensioner members of the Fund. You should read it carefully and retain it for future reference.

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Staying up to date:
The information contained in this PDS 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 by law, or you can visit the Fund's website at www.lutheransuper.com.au for details. We can send you a copy of any updated information on request free of charge. **For other changes and information about the Fund you can call the Helpline on 1800 635 796 for an update**.

Disclaimers:
The information contained in this PDS is general information only and does not take into account your individual financial objectives, financial situation or needs. Before acting on any of the information, you should consider its appropriateness having regard to your objectives, financial situation and needs. We recommend that you speak to a financial adviser if you need help in making 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. Neither LCA Nominees Pty Ltd nor the participating employers guarantee the investment performance, earnings or return of capital invested in any of the investment options made available to members through this PDS. If you leave the Fund within a few years of joining, you may get back less than the amount paid in due to the effect of taxes, fees and possible negative investment returns.

Joining the Pension Category

Who can join?

All current superannuation members of Lutheran Super are eligible to join the Pension Category of Lutheran Super. Members who cease employment with a participating employer may also join the Pension Category if they remain in the Fund after ceasing employment.

How to join

Joining the Pension Category is simple. Follow the steps below to make a few decisions, then complete the ***Application to join the Pension Category*** form that is provided with this PDS.

Step 1 – See how the Pension Category works

The **Getting to know your Pension** section describes the workings of the Pension Category of the Fund.

Step 2 - What's your investment choice?

You can choose from eight different investment options for investing your super. The **Investing your super** section outlines your choices and recent investment performance details but you will also need to read the **Fees and costs** section for investment fees before making your decision. If you do not make an investment choice your new pension account will be invested in the same options and proportions as your Lutheran Super super account.

Step 3 - Who will receive your benefit in the case of your death?

If you die while a member of the Fund, who would you like your super to go to? Read the **Nominating your beneficiaries** section for more details, then fill out the application form, or if you want to make an Agreed Death Benefit Nomination, fill out an ***Agreed Death Benefit Nomination*** form available on the website or by calling the Helpline.

Step 4 - Once you've made your decisions, you can complete your Application Form and return the form to us.

As a member of the Pension Category you'll receive:

- a welcome letter confirming your details in the Fund - you will also receive confirmation of any investments made;
- an annual member statement showing the amount of your Pension Account balance and the transactions during the previous year;
- an annual report showing the investment performance and what's happened in the Fund during the year;
- a PAYG Payment Summary and other details for taxation purposes, if required; and
- regular newsletters about current super issues and any significant events or changes affecting the Fund.

Let us know if your details change

It's very important that you always let us know when your address or other contact details change. We can only send you information about the Fund and your benefits if we have your current address and contact details and we can only pay your pension if we have your correct bank account details.

You can update your details by calling the Helpline **1800 635 796.**

If you need help understanding your pension:

- **Call the Helpline on 1800 635 796**
- **Visit our website www.lutheransuper.com.au**
- **Write to us:**
  The Administrator
  Lutheran Super
  GPO Box 4303
  Melbourne Vic 3001

Getting to Know your Fund

This section explains:

- Significant features of your Fund
- The benefits of being a Fund member
- The risks associated with being a member of the Fund
- How your super works

Significant features of your Fund

Lutheran Super ("the Fund") operates as a trust, separate from your employer or former employer, and is managed by a Trustee company, LCA Nominees Pty Ltd. The Fund's assets are kept separate from your employer's assets. If you are still employed, this means the Fund's assets can't be used to pay any debts of your employer.

The Fund is an employer sponsored superannuation fund used by participating employers to provide you superannuation benefits as a member.

The Fund is a regulated complying superannuation fund for the purposes of government legislation. This means the Fund is eligible for concessional taxation treatment.

It is governed by a legal document called the trust deed, including a set of governing rules. The trust deed describes the rights and benefits of all the Fund members, as well as the duties and obligations of the Trustee and your employer. If there is any discrepancy between the trust deed and this Booklet, the trust deed will be the final authority. You can obtain a copy of the trust deed by calling the Helpline on 1800 635 796 or writing to the Chief Executive Officer at the address shown on the front cover.

The Trustee has an Australian Financial Services license authorising it to provide general financial product advice in respect of superannuation. The Trustee is not authorised to give you any personal advice. Your employer is not authorised to provide any advice relating to the Fund.

How directors are appointed

The Trustee has eight Trustee directors. Three of these are appointed by the Lutheran Church of Australia, three elected by the members of the Fund and there are two independent directors. As a member, you will have an opportunity to participate in the process of choosing the three member representative Trustee directors.

All eligible members of the Fund can stand, nominate others and vote in Fund elections for member representative Trustee directors.

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

- they cease to be a member; or
- they resign as a member-representative director; or
- 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; or
- they become ineligible under law.

You can get a copy of the current election rules by calling the Helpline on 1800 635 796.

Duties of the Trustee

The Trustee's main responsibilities are to make sure:

- your rights and interests as a member are protected;
- benefits are paid correctly and at the correct time;
- the Fund's assets are invested properly; and
- the overall operation of the Fund is conducted in accordance with the trust deed and relevant legislation.

Professional help

Professional independent advisers such as investment managers, administrators, consultants, actuaries and auditors can be appointed by the Trustee to help it fulfil its responsibilities. Details of any advisers to the Fund will be set out in the Fund's annual report. Adviser's fees are paid from the Fund as an expense.

The benefits of being a member of Lutheran Super

Helping you save for and manage your retirement

Whatever your saving plans are for retirement, or if you are considering your immediate or ongoing retirement needs, the Fund is designed to help you save towards your financial goals and manage your income in retirement.

Super benefits

The Fund provides a benefit:

- when you retire or leave your employer subject to preservation rules
- in the event of your death
- in the event of you being certified with a Terminal Illness
- in case of TPD
- in case you are temporarily unable to work due to disablement.

If you are interested you can obtain a Product Disclosure Statement for the Pensions on the website or by calling the Helpline on 1800 635 796.

Pensions

The Fund provides Account Based pensions and Transition to Retirement Income Streams (**TRIS**) to provide you with a regular income stream in retirement while potentially enabling you to pay less tax than you might otherwise pay. This Product Disclosure Statement for Pension Members describes your rights and entitlements as a Pension Member of Lutheran Super.

Tax concessions

The Government actively encourages Australians to save for their retirement. One of the ways it does this is by granting tax concessions to money invested by regulated superannuation funds such as the Fund. To obtain the maximum taxation savings, we recommend you speak to a licensed financial adviser. More information on tax can be found in the **Tax and super** section.

A range of investment options

The Fund offers a number of investment strategies to enable you to invest your super money in a way that suits your own personal circumstances. For further details see the **Investing your super** section.

Member services

The Fund offers pension members a range of member services including:

- On-line access to super and pension details;
- Regular updates to keep you informed;
- A helpline service – 1800 635 796; and
- Dedicated Business Development Officers to provide you additional assistance.

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 making contributions, your investment choice, retirement planning or your level of insurance cover. Any advice you receive will be provided in writing.

Our website – www.lutheransuper.com.au

You can access the PDS and other important information about your plan on our website. On joining the Pension Category you will get your personal log-in details, which you can use to access information about your pension in Lutheran Super and other relevant information (for example annual reports, member newsletters, planning tools and online webinars). You can make changes to your Lutheran Super account via the website. If you need any further information on accessing the website please call the Helpline on **1800 635 796**.

Dedicated complaints process

The Fund has a process in place for dealing with enquiries and complaints. Additional help is available to members through the Superannuation Complaints Tribunal. For more information, see the **Other things you should know** section.

Risks associated with being a member of the Fund

Investment risks

As with any investment there is always a degree of risk to being a member of the Fund. You need to be aware that the value of your super in the Fund may rise or fall. There is the risk that if you leave the Fund, you may get less than the amount of contributions paid in by you and your employer because of taxes, expenses and low or negative investment returns. Please refer to the **Investing your super** section for further details of the investment risks that may impact on your super.

Other risks

There is also the possibility that the Fund's trust deed may be amended or the Fund may even close and wind up at some point in the future. This may affect the value of your pension account balance. We will keep you informed if any of these things were to happen.

A change in the laws that govern super may also impact on your ability to access your money in the future or affect the tax effectiveness of your super savings. We will keep you informed about any material changes of law which may affect your super or pension.

You should discuss any changes with your financial adviser.

As a pension member of Lutheran Super you will incur certain fees and costs depending on the investment options you select. There is a risk that these fees and costs may increase from time to time which may affect your pension account balance. You'll be provided with 30 days prior written notice of any such increases.

How your pension works

For both Account Based pensions and TRIS, your lump sum benefit is deposited into a Pension Account in your name, which operates as an accumulation style account and is used to pay you a regular pension payment.

Your pension account is invested according to your choice of one or more of the eight options and is allocated with investment earnings (which may be positive or negative) according to the investment performance of the option(s) you have chosen. Your regular pension payments along with fees, costs and taxes (if any) are also deducted from your account – see the **Fees and costs** section for more details.

Getting to know your Pension

In this section you'll find out:

Your Pension Options - at a glance…

The Fund's Pension Category provides you with two pensions:

- Account Based Pension or
- Transition to Retirement Income Stream (TRIS)

Account Based Pensions and TRIS provide you with a regular income stream in retirement while potentially enabling you to pay less tax than you otherwise pay. For both pensions, your lump sum benefit is deposited into a Pension Account in your name, which works as an accumulation account and is used to pay you a regular pension payment.

Your Pension Account is credited with investment returns (either positive or negative) and payments and fees are generally deducted from your account. Asset based fees may also be taken into account when determining the unit price for each investment option you have chosen for your Pension Account. For further information on investment returns see the **Investing your** super section and see the **Fees and other Costs** section for information on the deductions from your Pension Account.

Pensioners who have started a TRIS will also maintain a separate superannuation account within Lutheran Super until retirement.

	Account Based Pension	Transition to Retirement Income Stream (TRIS)
Starting a pension	You can start an Account Based Pension if none of your super payout is subject to preservation.	You can use your super to start a Transition to Retirement Income Stream even if you are still working provided you have reached your preservation age.
Minimum Investment	An initial investment of at least $50,000 is required.	An initial investment of at least $50,000 is required.
Maximum Investment	A transfer balance cap of $1.6 million applies.	A transfer balance cap of $1.6 million applies.
Pension Term	Your pension does not have a fixed term; it will last as long as you have money in your Pension Account.	
Pension Payments	You can choose how much you receive each year, subject to the minimum amount set by the Government.	You can choose how much you receive each year, subject to the minimum and maximum amounts set by the Government.
Frequency of payment	Your pension will be paid monthly on the 15th day of each month. Generally, you must receive at least one pension payment a year.	
Lump sum withdrawals	You can make lump sum withdrawals at any time subject to receiving pension payments of at least the minimum amount in a financial year.	Lump sum withdrawals can only be made in limited circumstances (see the **Withdrawals from your super account** section for details).
Tax on investment earnings	Nil	Up to 15% p.a.
Tax on pension payments	You may receive concessional tax treatment – see the **Tax & Super** section for details.	
Payments on your death	Your Reversionary Beneficiary can continue to receive the pension payments or your Pension Account balance can be paid as a lump sum to your dependents or estate.	

Your Pension Options – in detail…

The minimum amount that must be invested to open your super account in the Account Based Pension or TRIS is $50,000.

A $1.6 million cap (known as the 'transfer balance cap') applies on the total amount that can be transferred into a pension account (or that can remain in an existing pension account). Any amount in excess of the $1.6 million limit will need to be transferred out and can either remain in a super account or can be withdrawn (subject to preservation rules). The limit applies to all your pension accounts combined. The transfer balance cap will be indexed in line with the Consumer Price Index (CPI).

Account Based Pension

You can join the Pension Category of the Fund and commence an Account Based Pension provided you have a superannuation fund payment that consists of an unrestricted non-preserved amount.

A superannuation fund payment is a payment made to you from a super fund. The unrestricted non-preserved amount is the part of your super payout that you can take in cash at any time. Generally anyone who has reached their preservation age* and has permanently retired will have an unrestricted non-preserved payout.

Alternatively, you must satisfy us that you meet one of the following superannuation law requirements for payouts to be reclassified as unrestricted non-preserved payouts. You must:

- have reached your preservation age and do not intend to work 10 hours or more per week ever again
- have resigned or retired from an employer since turning age 60
- be aged 65 years or over, or
- be permanently incapacitated at any age.

If you're a member of the Fund and have met one of the requirements above, then you may transfer your unrestricted non-preserved payout into the Pension Category to start a pension provided the amount is at least equal to $50,000.

* *Your **preservation age** depends on your date of birth:*

Date of birth	Preservation age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

Transition to Retirement Income Stream (TRIS)

You can join the Pension Category of the Fund and commence a Transition to Retirement Income Stream (TRIS) provided you have reached your preservation age (described above).

All you have to do is transfer all, or part of, your existing super account in the Fund (your "non-pension" super account) to the TRIS. You can transfer any preserved or restricted non-preserved amounts as well as unrestricted non-preserved amounts to the TRIS. If you are transferring an amount from another super fund check with them about any conditions that apply to the transfer of these amounts. You and your employer can continue to pay contributions to your "non-pension" super account in the Fund. Your payout from your non-pension super account will be adjusted to take account of the amount you elect to transfer to your TRIS super account.

You don't have to have ceased employment and have left your super plan to commence a TRIS. A TRIS gives you the option of accessing your super and commencing a pension while you continue working full-time or part-time, while still accruing benefits in your "non-pension" super account in the Fund.

However, there are only limited circumstances in which you can make lump sum withdrawals from your pension. (See the **Withdrawals from your super account** section for details.)

Investment returns on assets supporting a TRIS will no longer be tax exempt but will be taxed at 15%, less applicable tax credits, the same level of tax that applies to investment returns on super accounts.

Defined Benefit Members

As you continue your employment your defined benefits also continue to accrue. This means that only voluntary accumulation accounts (e.g. transfers and additional voluntary contributions) that do not affect your defined benefits are available to be used for a TRIS.

Alternatively, you can apply to the Trustee and your employer to transfer out of Defined Benefit to the accumulation category in the Fund, and then your accumulation benefits are available to be used for a TRIS.

You should seek advice from a licensed or appropriately authorised financial adviser before making any decision. Call the Helpline if you are interested in transferring from defined benefit to accumulation.

If you want to start your pension later

When you leave your employer and do not wish to transfer your benefit to the Pension Category (where eligible) immediately, you can transfer your benefit to the 'Retained Benefits Section' of Lutheran Super in order to remain eligible to commence a pension from Lutheran Super.

Once your benefit is paid out of Lutheran Super, you are unable to transfer it back into the Pension Category.

For further information on the features of retained membership please refer to the Product Disclosure Statement available on the website www.lutheransuper.com.au or calling the Helpline on 1800 635 796.

Adding to your pension

Once your pension commences you cannot make any additional contributions or superannuation fund payments to your existing Account Based Pension or TRIS.

If you wish to invest an additional superannuation fund payment you can transfer your existing Account Based Pension or TRIS account back into the Retained Benefits section. You can then consolidate your additional contributions or super fund payment in the Retained Benefits section and use this new balance to establish a new Account Based pension or TRIS in the Pension Category. Fees and charges will apply.

Your pension payments

Pension payments may start as soon as you join the Pension Category. Generally payments from your super account must be made in accordance with the following rules:

Account Based Pension

- at least one pension payment must be made each year
- pension payments in a financial year must at least equal the minimum amount set down by superannuation law
- if a pension commences after 31 May no minimum payment is required in that financial year.

Transition to Retirement Income Stream (TRIS)

- at least one pension payment must be made each year
- pension payments in a financial year must at least equal the minimum amount set down by superannuation law
- pension payments in a financial year must not be greater than the maximum amount set down by superannuation law
- if a pension commences after 31 May no minimum payment is required in that financial year
- any pension payments must be taken first from any unrestricted non-preserved amount you transferred to your TRIS super account until this amount is exhausted, then from any restricted non-preserved amount and finally from any preserved amount transferred.

The **unrestricted non-preserved** amount (if any) is the part of your super that is payable in cash at any time.

Preserved and **restricted non-preserved** amounts must be kept in a super fund or other approved arrangement and are only accessible when you satisfy a “condition of release” which includes:

- when you have reached your preservation age (as described earlier in this PDS) and, except in the case of a TRIS, have retired permanently from work
- when you terminate employment with your current employer after age 60
- when you reach age 65
- if you become permanently incapacitated
- if you die
- when the amount is paid as a pension payment from a TRIS.

Minimum and maximum pension payments

The Trustee will pay you a pension from your Pension Account until the earlier of your death and when your account balance is exhausted. The amount of the payments will be a percentage of your account balance as chosen by you, in accordance with the following rules:

- **Account Based Pension** - your annual pension payments must at least equal the minimum level set by superannuation law (please refer to the table opposite). No maximum applies to your pension payments.
- **TRIS** – your annual pension payments must at least equal the minimum level (please refer to the table opposite) and must be no more than the maximum level set by the government. The maximum pension amount you may receive in any financial year is calculated as 10% of your pension account balance at the previous 1 July, or at the commencement of your pension if this is after 1 July.

Your annual pension payment will be calculated based on your age and your pension account balance on commencement of your pension and at 1 July each year.

If you don't nominate your pension payment level for the financial year, your pension payments will be equal to the dollar value of your pension payments in the previous year, unless the Trustee has to adjust your pension payments so that it meets the minimum (or maximum if applicable) payment required.

You may change the amount of your pension payments provided the amount you specify is at least the minimum level required (and, if applicable, less than the maximum amount allowed).

No pension needs to be paid in the first year when the pension commencement date is after 31 May.

The minimum pension amount you may receive in any financial year is calculated as your pension account balance at 1 July multiplied by the minimum percentage set out in the table below. The minimum annual pension amount must be rounded to the nearest $10.

Minimum pension factor table

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.

When your pension is paid

Payments will generally be monthly made on the 15th day of the relevant month.

Method of payment

Your pension payments will be made by Electronic Funds Transfer (EFT). If you've invested in more than one investment option and you haven't specified which option the payment should be redeemed from when the trustee makes your pension payments, the units will be redeemed proportionally over your chosen investment options.

Changing your pension payment options

You are generally able to change any of the options set out above at any time by completing a *Varying your pension payment* form. You can obtain this form by calling the Helpline on **1800 635 796.**

Withdrawals from your super account

Account Based Pension

You can withdraw (i.e. commute) all or part of your super account balance as a cash payment or transfer it to another complying super fund at any time. A withdrawal fee applies (see the **Fees and costs** section of this Booklet for details).

You can withdraw any amount you like, as long as the balance remaining in your account is at least $5,000.

TRIS

The TRIS is non-commutable, i.e. you are not permitted to make any lump sum withdrawals except in the following circumstances:

- to cash any unrestricted non-preserved component of your pension account. You can withdraw any amount you like, as long as the balance remaining in your account is at least $5,000;
- to pay a superannuation surcharge debt;
- to pay a family law split;
- to pay an excess contributions tax assessment.

You can also transfer the balance of your pension account back into your non-pension super account or roll it over to another pension product that has the same restrictions on when you can make lump sum withdrawals.

When you satisfy a condition of release (as described earlier in this PDS) these restrictions no longer apply and your TRIS will operate as an Account Based Pension without any pension maximum or restriction on lump sum payments. You can then make lump sum withdrawals at any time as described above under "Account Based Pension". Your TRIS will be converted to an Account Based Pension at age 65, unless you provide us details earlier that you have satisfied a condition of release.

Other information on lump sum withdrawals

If you make a lump sum withdrawal:

- the proportion of your ongoing pension payments that are taxable, and tax-free if any, will not change;
- your annual tax offset amount (see the **Tax and super** section for further details) may be affected;
- your minimum (and, if applicable, maximum) pension limits will change in future financial years, but not in the current year;
- the amount you have withdrawn will be split between taxable, and tax-free components if any, in the same proportion as your pension account.

Commutation is a complex issue. You should consult a licensed or appropriately authorised financial adviser before you decide to withdraw any part of your pension.

If your Account Based pension account falls below $5,000, the Trustee has the power to pay your remaining pension account balance to you. Where this occurs and you cannot be contacted, your pension account balance may be treated as unclaimed money. See '*Eligible rollover fund and unclaimed money*' in the **Other things you should know** section of this PDS.

Your membership ceases when all benefits which are payable to, or in respect of you, have been paid or transferred.

To withdraw money from your super account simply complete and return a *Request for Partial/Full Commutation (Withdrawal)* form. You can obtain a form by calling the Helpline on **1800 635 796.** A withdrawal fee applies.

Anti-money laundering

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AMLCTF), superannuation funds are required to identify, monitor and mitigate the risk that the fund may be used for the laundering of money or the financing of terrorism. Because of this, you may be required to provide proof of your identity that is satisfactory to the Trustee before you withdraw your benefit from the fund. You may also need to provide satisfactory proof of identity in other circumstances as required by law.

At a minimum, you may need to provide the Trustee with evidence that verifies your full name, date of birth and residential address. Such evidence would usually be in the form of a certified copy of your driver's licence or passport. Unless we receive this information in appropriate form, we may be unable to process your payment request.

Under AMLCTF we are also required in some circumstances to undertake additional identification checks and to monitor transactions. In some cases we may need to block or suspend transactions. Please note that the Trustee will not be liable for any loss suffered by you as a result of any delay in making a payment, caused or contributed to by the need to comply with AMLCTF requirements.

By law the Trustee is also required to comply with confidential reporting obligations to the AMLCTF regulator, AUSTRAC.

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 may be able to negotiate to pay lower administration 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) MoneySmart** website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

* Please note that this wording is compulsory and the Trustee is not able to provide any discounts to or negotiate the amount of any of the fees outlined below for any individual member.

The following table shows the Fund's expenses or fees and costs that might apply to your superannuation benefits.

All expenses are current at the time this PDS was produced and may be revised, increased or added to or adjusted by the Trustee from time to time due to changes to, for example, the superannuation environment (e.g. Government regulations) or the trust deed. The Trustee may also introduce new fees.

While it is not anticipated that fees and costs 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 below.

No GST is payable by you on any of the fees and costs described below.

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

ASIC fees and costs disclosure

The fees and costs information shown in this PDS has been prepared to comply with relevant ASIC guidance, class orders and instruments. In particular, ASIC Class Order 14/1251 as amended by ASIC Corporations (Amendment) Instrument 2016/1224 and the ASIC Corporations (Amendment) Instrument 2015/876 applies to this Statement.

Fees and other costs table

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 will be in the range: Cash and Term Deposits *(formerly Capital Secure)* 0.13% pa[#] Conservative Growth *(formerly Capital Stable)* 0.36% pa[#] Balanced Growth – MySuper *(formerly Balanced)* 0.57% pa[#] Balanced Growth Socially Responsible Investment *(formerly Balanced SRI)* 0.77% pa[##] High Growth *(formerly Growth)* 0.70% pa[#] High Growth All Australian Shares *(formerly Growth–Australian Shares)* 0.37% pa[#] High Growth All Australian Shares SRI *(formerly Growth–SRI Australian Shares)* 0.88% pa[#] High Growth All International Shares *(formerly International Shares)* 0.38% pa[##]	The asset based investment fee is included in the calculation of the unit price for each investment option.
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 calculated and 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 spread*	The maximum buy/sell spread for each option is: Cash and Term Deposits 0.00% Conservative Growth 0.15% Balanced Growth – MySuper 0.31% Balanced Growth Socially Responsible Investment 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.
Switching fee	Nil	N/A
Exit fee	$124.91**	This fee is deducted from your account at the time your final payment is made.
Advice Fees	Nil	N/A
Other Fees and costs* **	See Additional Explanation of Fees and Costs for more detail	
Indirect cost ratio	Nil	

[#] *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. See Additional Explanation of Fees and Costs section for more detail.*

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You're valued

Investment fees are estimated by reference to expected investment related fees and costs based on the new strategic asset allocations to apply form 1 January 2018 and assuming the underlying investments are wholly invested in Mercer Managed Funds.

* *Buy-sell spreads shown are estimated by reference to buy–sell spreads incurred for the 12 months to 30 June 2017. Accordingly, the actual buy-sell spreads will vary over the current period of the PDS based on actual fees and costs incurred. See Additional Explanation of Fees and Costs section for more detail.*

** *The Exit fee and Activity fee are indexed on 1 April each year based on the Private Sector Average Weekly Ordinary Time Earnings (AWOTE)*

*** *Other fees and costs, such as activity may apply see "Additional Explanation of Fees and Costs" for more detail.*

The tables below contain an example of how the fees and costs payable for a pension member investing in the Balanced Growth – MySuper option in an Account Based Pension and TRIS can affect your superannuation account balance over one year. You should use this table to compare each option with other superannuation products.

Account Based Pension

EXAMPLE – the Balanced Growth MySuper investment option		**BALANCE OF $50,000**
Investment fees	0.57% p.a. of your pension account balance	For every $50,000 you have in the Balanced investment option you will be charged $285 each year.
PLUS Administration fees	$156 ($3.00 per week) **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
PLUS Indirect costs of the Balanced option	Nil	Nil
EQUALS Cost of product	$591	If your balance was $50,000, then for that year you would be charged fees of **$591** for the Balanced Growth – MySuper option. **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.*

Transition to Retirement Income Stream (TRIS)

EXAMPLE – the Balanced investment option		**BALANCE OF $50,000**
Investment fees	0.57% p.a. of your pension account balance	For every $50,000 you have in the Balanced investment option you will be charged $285 each year.
PLUS Administration fees	$260 ($5.00 per week) **Plus** 0.30% p.a. of your pension account balance	**And**, for every $50,000 you have in the Fund you will be charged $410 in administration fees
PLUS Indirect costs of the Balanced option	Nil	Nil
EQUALS Cost of product	$695	If your balance was $50,000, then for that year you would be charged fees of **$695** for the Balanced Growth – MySuper option. **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.*

Adjustments to fees

The fees set out set out above are subject to review by the Trustee from time to time. You will be notified of any increases in the fees directly charged at least 30 days prior to the commencement of the revised fee.

Additional Explanation of Fees and Costs

Investment Fees

The investment fees shown for each investment option include investment related fees and costs, including Transactional and Operational Costs charged by and through underlying investment vehicles and managers, and incurred by the Fund - to the extent that they are not recovered from transacting members through application of the Buy/Sell spread for the applicable investment option. These fees and costs are estimated by reference to investment related fees and costs, including any performance related fees of underlying investment managers, incurred for the 12 months to 30 June 2018. Accordingly, actual investment fees will vary and may be greater over the current period of the PDS based on actual fees and costs incurred.

Buy-Sell Spreads

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.

Performance related fees

Where an underlying investment vehicle or manager is used to invest the assets of an investment option they may charge a performance related fee. These fees are reflected in the unit price of the investment option and form part of the investment fees of each investment option.

Underlying investment vehicles and managers that charge a performance related fee will generally only apply those fees when performance is greater than an agreed target. Accordingly performance related fees in each year will generally only arise when higher returns, relative to a specified target for a particular manager, are achieved.

For example, for the year to 30 June 2018, a performance related fee of 0.03% was incurred in relation to the Balanced Growth MySuper option and this is included in the investment fees shown for that option.

Transactional and Operational Costs

Transactional and Operational Costs ("T&O Costs") are incurred within each investment option. They include costs associated with trading within the underlying investment funds in which Lutheran Super investment options are invested and to implement the relevant investment option strategies. Such costs include brokerage, buy-sell spreads; settlement costs (including custody costs) clearing costs, stamp duty on investment transactions and costs incurred through underlying investment funds.

T&O costs that are incurred by the Fund and recovered through the application of the Buy/Sell spread on member investment transactions as disclosed for each investment option are excluded from Investment Fees shown for each Investment Option.

T&O Costs are otherwise additional costs to the investor and are paid out of the assets of the Fund or deducted from the underlying investments before crediting rates are applied to member accounts. Some of those costs only are required to be included and disclosed as part of the Investment Fees for each Investment Option.

Further details of the estimated T&O Costs and components for the financial year to 30 June 2018 are shown in the table below in respect of each option:

The costs for the current period will vary from the above and may well be greater than past experience. If it becomes apparent that actual T&O costs will vary in a way that is materially adverse, the estimates will be updated.

Borrowing Costs

Borrowing costs refers to costs relating to any credit facility used within any underlying fund as part of implementing the investment strategy of each option. The estimated borrowing costs (if any) for each of the investment options for the year ending 30 June 2018 are nil.

Borrowing costs are an additional cost to investors. They are not included in costs disclosed in the Investment Fees shown for each investment option.

The costs for the current period will vary from the above and may be greater than past experience. If it becomes apparent that actual Borrowing costs will vary in a way that is materially adverse, the estimates will be updated.

Option	**(A) Estimated gross transaction costs**	**(B) Estimated transaction costs recovered from buy/sell spread**	**(C = A - B) Estimated transaction costs affecting returns**	**(D) Estimated transaction costs included in investment fee**	**(E = C - D) Estimated transaction costs not included in investment fee**
Cash and Term Deposits	0.01%	0.00%	0.01%	0.01%	0.00%
Conservative Growth	0.09%	0.02%	0.07%	0.03%	0.04%
Balanced Growth – MySuper	0.16%	0.05%	0.12%	0.07%	0.05%
Balanced Growth SRI	0.22%	0.10%	0.12%	0.05%	0.07%
High Growth	0.20%	0.05%	0.15%	0.10%	0.05%
High Growth All Australian Shares	0.12%	0.05%	0.07%	0.01%	0.06%
High Growth All Australian Shares SRI	0.27%	0.05%	0.22%	0.10%	0.12%
High Growth All International Shares	0.10%	0.05%	0.05%	0.00%	0.05%

Activity Fees

Withdrawal Fees
For each withdrawal you will be charged a withdrawal fee of $124.91. This amount will be deducted from your account balance.

Family Law fees

for information and for splitting your super*: • Application for information - in the format specified under the Family Law Act • Flagging a benefit • Splitting a benefit	Nil Nil $292.14	Generally shared equally by both parties and will be deducted from each super benefit at the time the benefit is split.

** The Trustee charges fees in order to recover its costs associated with the legislation allowing splitting of superannuation benefits for Family Law purposes. For more information about Family Law and how it may affect you, contact the Helpline on 1800 635 796.*

Defined Fees *

The following are definitions of the different fees and costs that may apply to your superannuation:

Activity fees

A fee is an ***activity fee*** if:

(a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:

(i) that is engaged in at the request, or with the consent, of a member; or

(ii) that relates to a member and is required by law; and

(b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

Administration fees

An ***administration fee*** is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:

(a) borrowing costs; and

(b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and

(c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Advice fees

A fee is an ***advice fee*** if:

(a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:

(i) a trustee of the entity; or

(ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and

(b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

Buy-sell spreads

A ***buy-sell spread*** is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Exit fees

An ***exit fee*** is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Indirect cost ratio

The ***indirect cost ratio*** (***ICR***), for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

Insurance fee

A fee is an insurance fee if:

(a) the fee relates directly to either or both of the following:

  (i) insurance premiums paid by the trustee of a superannuation entity in relation to a member or members of the entity;

  (ii) costs incurred by the trustee of a superannuation entity in relation to the provision of insurance for a member or members of the entity; and

(b) the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and

(c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an advice fee.

Investment fees

An ***investment fee*** is a fee that relates to the investment of the assets of a superannuation entity and includes:

(a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and

(b) costs that relate to the investment of assets of the entity, other than:

  (i) borrowing costs;

  (ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and

  (iii) costs that are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Switching fees

A ***switching fee*** for a superannuation product, other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one class of beneficial interest in the entity to another.

* *Please note: the prescribed wording in this section may include definitions for fees that are not applicable for members of Lutheran Super or this product.*

Investing your Super

This section explains:

- Your investment options... at a glance
- Some investment basics
- The Fund's investment approach
- Fund's reserving policy
- Your investment options... in detail
- Which option may suit you?
- Some frequently asked questions
- Past Investment performance

Your investment options at a glance

In the Fund, you have a choice of any one or more of the following eight investment options:

- High Growth All International Shares *(formerly International Shares)*
- High Growth All Australian Shares Socially Responsible Investment *(formerly Growth–SRI Australian Shares)*
- High Growth All Australian Shares *(formerly Growth–Australian Shares)*
- High Growth *(formerly Growth)*
- Balanced Growth – MySuper *(formerly Balanced)*
- Balanced Growth Socially Responsible Investment *(formerly Balanced SRI)*
- Conservative Growth *(formerly Capital Stable)*
- Cash and Term Deposits *(formerly Capital Secure)*

Your choice of investment option applies to all contributions made to your account balance.

You can select up to 8 options in any percentage as long as the total allocations add up to 100%. If you do not make a valid choice or do not make an investment choice at all your account balance will be automatically invested in the *Balanced Growth – MySuper option*.

Returns on any investment option are not guaranteed. You should be aware that investment earnings may be positive or negative.

Before we get into the details of the investment options, here are some investment basics explained.

Some investment basics

Asset classes

Superannuation money is typically invested in shares (both Australian and overseas), property, fixed interest and cash. These different types of investments are known as asset classes. The characteristics of each asset class are set out in the Glossary at the back of this PDS.

Growth and income assets

Growth assets are:

- shares
- property

These are types of investments that have the potential to grow over the long term but are also likely to experience volatility in performance from year to year.

Income assets are:

- fixed interest
- cash

These are types of investments used when trying to protect the investment from the chance of a negative return (in other words the value of the investment falls).

Different funds have different mixes of growth and income assets

To balance out the characteristics of growth and income type assets, most superannuation funds offer investment options with different mixes of growth and income assets. Investment options with higher proportions of growth assets are expected to give higher returns (albeit with more market fluctuations in value) over the long-term than those with higher proportions of income assets.

About risk

Most investments have some element of risk associated with them. Generally, investment risk is the chance that your investment will be different to what you expect. Your investment in the Fund could rise or fall in value or produce a return which is less than you anticipate. Rises and falls in value occur for a variety of reasons and sometimes quickly. The types of investment risks which may have an impact on your investment in the Fund include:

- *Individual asset risk* – the risk attributable to individual assets within a particular asset class.
- *Market risk* – the risk of major movements within a particular asset class.
- *Political risk* – current domestic and international political stability can impact on your investment.
- *Inflation risk* – the risk that money may not maintain its purchasing power due to increases in the price of goods and services (inflation).
- *Timing risk* – the risk that, at the date of investment, your money is invested at higher market prices than those available soon thereafter. Alternatively, it can also mean the risk that, at the date of redemption, your investments are redeemed at lower market prices than those that were recently available or that would have been available soon thereafter.
- *Investment manager risk* – the risk that a particular investment manager will underperform (this could be for example because their view on markets is wrong or because of their investment 'style' or because they lose key investment personnel).
- *Credit risk* – the risk that a fixed interest security issuer will default on payment of interest and/or principal.
- *Liquidity risk* – the risk that you will be unable to redeem your investment at your chosen time.
- *Currency risk* – the risk that overseas investments gain or lose value as a result of a falling or rising Australian dollar.

Before making any investment decisions, you should carefully consider the risks that apply to each of the investment options on offer. This is important as your investment in any of the investment options is not guaranteed and as such you may get back less money than you invest. You should be aware that investment returns can be volatile and the value of your investments may increase or decrease over time. Also you should not rely on past performance as an indicator of the future performance of any of the investment options. We strongly recommend that you speak to a licensed financial adviser before making any investment decisions.

The Fund's investment approach

The Trustee aims to help minimise investment risks by offering you a range of investment options that provide you the benefit of diversification by accessing different asset classes.

Choosing and monitoring investment managers

The Trustee receives professional advice on the selection and ongoing evaluation of investment managers, management of investment manager appointments and replacements, and reviews and reports on performance against investment objectives.

Use of derivatives

Derivatives, such as futures or options, are investment products whose value is derived from other investments. For example, the value of a share option is linked to the value of the underlying share.

The Trustee does not directly utilise derivative instruments such as futures and options and does not intend to do so. External managers may utilise derivatives in managing pooled investment vehicles in which the Trustee invests. Where this is the case, the Trustee considers the risks and the controls in place by analysing the managers' Risk Management Statements.

Socially responsible investment

The following exclusions apply across all investment options:

- *Controversial Weapons*: Companies that manufacture whole weapons systems, components, or delivery platforms, or components that were developed or are significantly modified for exclusive use in cluster munitions, anti-personnel landmines, biological or chemical weapons.
- *Tobacco Companies*: Companies identified under the General Industry Classification System as Tobacco (Industry Code 302030) or who derive 50% or more of revenue from tobacco-related business activities. The 50% revenue threshold reflects the GICS classification standard and is provided to cover any private companies that may not be covered by GICS.

Full implementation of these exclusions is expected by calendar year end 2018.

Apart from the exclusions above, except for the *High Growth All Australian Shares Socially Responsible Investment* option and the *Balanced Growth Socially Responsible Investment* option, labour standards, environmental, social or ethical considerations are not taken into account for any of the investment options made available through this Booklet by:

- the Trustee in the development of its investment strategy for those options; or
- the investment managers, appointed for those options, in their investment decision making process.

Details of the considerations taken into account for the *High Growth All Australian Shares Socially Responsible Investment* option and the *Balanced Growth Socially Responsible Investment* option are detailed below.

Socially responsible investment considerations

The *High Growth All Australian Shares Socially Responsible Investment* option and the *Balanced Growth Socially Responsible Investment* option are invested with organisations that will implement strategies in Australian shares that follow certain socially responsible criteria.

The *High Growth All Australian Shares Socially Responsible Investment* and the *Balanced Growth Socially Responsible Investment* options will not invest in companies which:

- directly mine uranium for the purpose of weapons manufacture;
- produce alcohol or tobacco;
- manufacture or provide gaming facilities;
- manufacture weapons and armaments;
- have been subject to environmental and/or human rights prosecutions.

Fund's reserving policy

The Trustee maintains two formal reserves in relation to the accumulation assets of the Fund, the **Administration Reserve** and the **Investment Reserve**. From 1 January 2014, an **Operational Risk Financial Reserve (ORFR)** was introduced to comply with new Government legislation.

The **Administration Reserve** is based on the expected costs for the operation of the Fund for the full year to allow for expenses that may arise from time to time. It helps the Trustee manage expenses incurred by the Fund in respect of Standard (accumulation) members. The Administration Reserve is invested 100% in the Cash and Term Deposits 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 Growth - MySuper option.

As a result of the Stronger Super requirements, the trustee is required under law to meet an **Operational Risk Financial requirement (ORFR)**. The Government has introduced this requirement so that super funds have access to resources to compensate members, where relevant, for any operational incident which adversely impacts their benefits. Super funds need to progressively fund a reserve to meet the requirement. The ORFR is invested in cash and short-maturity debt securities.

A copy of the Fund's reserving policy is available on request

The information presented in the following pages is general information and does not take account of objectives or needs or your specific financial circumstances. It is recommended that you refer to a financial adviser for advice as to which is the best option(s) for you.

Your investment options… in detail

The Trustee is responsible for the management of each investment option's assets. Each investment option has an investment policy and strategy, which is summarised below. Information on historical investment performance of each option is provided in the "Investment performance" section below.

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

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 below. **Investment option**	**Strategic asset allocation**	**Risk band**	**Risk level**
High Growth All International Shares	100% growth	6	High
High Growth All Aust Shares SRI	100% growth	6	High
High Growth All Australian Shares	100% growth	6	High
High Growth	91% growth 9% defensive	6	High
Balanced Growth – MySuper	75% growth 25% defensive	5	Medium to high
Balanced Growth SRI	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
Conservative Growth	30% growth 70% defensive	3	Low to mediun
Cash and Term Deposits	100% defensive	1	Very lo

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.

<table>
<tr><th></th><th>Balanced Growth – MySuper option
(formerly Balance)</th><th>High Growth All Australian Shares option
(formerly Growth – Australian Shares)</th></tr>
<tr><td>Investment aim[1]</td><td>The broad investment aim is to maximise long term investment returns, while accepting a significant degree of variability in year-to-year returns.

More specifically, the Balanced Growth - MySuper option aims to earn returns after tax and fees that exceed CPI increases by at least 3% pa over rolling ten year periods.

The Balanced Growth – MySuper option aims to outperform, on an after tax and fees basis, the notional return on the benchmark portfolio over three and five year periods.</td><td>The broad investment aim is to maximise long term investment returns whilst tolerating a high degree of variability in year to year returns.

More specifically, the High Growth All Australian Shares option aims to earn returns after tax and fees that exceed CPI increases by at least 4% pa over rolling five and seven year periods.

This option aims to produce returns that exceed the return achieved by the Australian share market as measured by the ASX300 over rolling 3 year periods on a pre-tax basis.</td></tr>
<tr><td>Minimum suggested time frame</td><td>5 or more years</td><td>7 or more years</td></tr>
<tr><td>Summary risk level</td><td>Medium to High</td><td>High</td></tr>
<tr><td>Investment risk</td><td>Members choosing this option should accept the possibility of negative returns in no more than 3 to 4 out of 20 years.</td><td>Members choosing this option should accept the possibility of negative returns in no more than 4 to 6 out of 20 years.</td></tr>
<tr><td>Who this option might suit</td><td>Designed for those seeking long-term wealth accumulation, where short-term volatility is a consideration.</td><td>Designed for those seeking to earn returns from investments in Australian shares.</td></tr>
<tr><td>Investment strategy</td><td>
<table>
<tr><th>Asset class</th><th>Benchmark %</th><th>Range %</th></tr>
<tr><td>Australian Equities</td><td>24</td><td>14 - 34</td></tr>
<tr><td>Overseas Equities (unhedged)</td><td>25</td><td rowspan="2">21 - 41
(within o/seas Equities)</td></tr>
<tr><td>Overseas Equities (hedged)</td><td>6</td></tr>
<tr><td>Real Assets</td><td>20</td><td>0 - 35</td></tr>
<tr><td>Total growth assets</td><td>75</td><td>65 – 85</td></tr>
<tr><td>Australian Fixed Interest</td><td>9</td><td rowspan="2">0 – 40
(total fixed interest)</td></tr>
<tr><td>Overseas Fixed Interest</td><td>11</td></tr>
<tr><td>Cash</td><td>5</td><td>0 – 20</td></tr>
<tr><td>Total defensive assets</td><td>25</td><td>15 – 35</td></tr>
</table>
</td><td>
<table>
<tr><th>Asset class</th><th>Benchmark %</th><th>Range %</th></tr>
<tr><td>Australian Equities</td><td>100</td><td>95 – 100</td></tr>
<tr><td>Overseas Equities (unhedged)</td><td>0</td><td></td></tr>
<tr><td>Overseas Equities (hedged)</td><td>0</td><td></td></tr>
<tr><td>Real Assets</td><td>0</td><td>0</td></tr>
<tr><td>Total growth assets</td><td>100</td><td>95 – 100</td></tr>
<tr><td>Australian Fixed Interest</td><td>0</td><td>0</td></tr>
<tr><td>Overseas Fixed Interest</td><td>0</td><td>0</td></tr>
<tr><td>Cash</td><td>0</td><td>0 – 5</td></tr>
<tr><td>Total defensive assets</td><td>0</td><td>0 – 5</td></tr>
</table>
</td></tr>
<tr><td>Estimated buy/sell spread</td><td>0.31% of monies invested in this option</td><td>0.38% of monies invested in this option</td></tr>
</table>

The above benchmark represents the expected allocation of assets within the various markets over the longer term.

[1] The Trustee is required by law to set investment objectives (aims) for the Fund and any underlying investment options. The investment aims set out above are not a forecast or guarantee of any future returns.

	High Growth All Australian Shares Socially Responsible Investment option *(formerly Growth – SRI Australian Shares)*	High Growth option *(formerly Growth)*
Investment aim[2]	The broad investment aim is to maximise long term investment returns whilst tolerating a high degree of variability in year to year returns. More specifically, the High Growth – All Australian Shares Socially Responsible Investment option aims to earn returns after tax and fees that exceed CPI increases by 4% pa over rolling five and seven year periods. This option aims to produce returns that exceed the return achieved by the Australian share market as measured by the ASX300 over rolling 3 year periods on a pre-tax basis.	The broad investment aim is to maximise long term investment returns, while tolerating a high degree of variability in year-to-year returns. More specifically, the High Growth Option aims to earn returns after tax and fees that exceed CPI increases by at least 3.5% pa over rolling seven year periods. The High Growth Option aims to outperform, on an after tax and fees basis, the notional return on the benchmark portfolio over rolling three and five year periods.
Minimum suggested time frame	7 or more years	6 or more years
Summary risk level	High	High
Investment risk	Members choosing this option should accept the possibility of negative returns in no more than 4 to 6 out of 20 years.	Members choosing this option should accept the possibility of negative returns in 4 to 6 out of 20 years.
Who this option might suit	Designed for those seeking to earn returns from investments in Australian shares invested in a socially responsible manner.	Suitable for investors at the start or in the early part of their working life, with a longer investment timeframe and a higher tolerance for short term volatility
Investment strategy	See table below	See table below
Estimated buy/sell spread	0.42% of monies invested in this option	0.35% of monies invested in this option

Investment strategy – High Growth All Australian Shares Socially Responsible Investment option

Asset class	Benchmark %	Range %
Australian Equities	100	95 - 100
Overseas Equities (unhedged)	0	
Overseas Equities (hedged)	0	
Real Assets	0	0
Total growth assets	**100**	**95 - 100**
Australian Fixed Interest	0	
Overseas Fixed Interest	0	
Cash	0	0 - 5
Total defensive assets	**0**	**0 – 5**

Investment strategy – High Growth option

Asset class	Benchmark %	Range %
Australian Equities	34	24 - 44
Overseas Equities (unhedged)	25	21 - 41 (total o/seas equities)
Overseas Equities (hedged)	6	
Real Assets	26	0 - 40
Total growth assets	**91**	**80 – 100**
Australian Fixed Interest	4	0 – 20 (total fixed interest)
Overseas Fixed Interest	4	
Cash	1	0 – 10
Total defensive assets	**9**	**0 - 20**

The above benchmark represents the expected allocation of assets within the various markets over the longer term.

[2] The Trustee is required by law to set investment objectives (aims) for the Fund and any underlying investment options. The investment aims set out above are not a forecast or guarantee of any future returns.

	Conservative Growth option ***(formerly Capital Stable)***	**Cash and Term Deposits option** ***(formerly Capital Secure)***
Investment aim[3]	The broad investment aim is to seek the security of capital and to limit year-to-year variability in returns. More specifically, the Conservative Growth option aims to earn returns after tax and fees that exceed CPI by 1.5% pa over rolling seven year periods. The Conservative Growth option aims to outperform, on an after tax and fees basis, the notional return on the benchmark portfolio over rolling three and five year periods.	The broad investment aim is to seek the security of capital and to never achieve a negative return on asset invested. More specifically, the Cash and Term Deposits option aims to exceed the return of the Bloomberg AusBond Bank Bill index over all periods on a pre-tax basis. The Cash and Term Deposits option is expected to achieve investment returns consistent with bank deposits.
Minimum suggested time frame	3 or more years	1 or more years
Summary risk level	Low to medium	Very low
Investment risk	Members choosing this option need to accept the possibility of negative returns in 1 to 2 out of 20 years.	Members choosing this option will expect never to have a negative return.
Who this option might suit	Suitable for investors approaching retirement and the end of their working life, with a shorter investment timeframe and a lower tolerance for short term volatility and other risks.	Designed for those seeking to accumulate wealth by earning returns that are close to the level of short-term interest rates in Australia.

Investment strategy

Conservative Growth option:

Asset class	**Benchmark %**	**Range %**
Australian Equities	12	5 - 20
Overseas Equities (unhedged)	9.5	5 - 20 (within o/seas Equities)
Overseas Equities (hedged)	2.5	
Real Assets	6	0 - 12
Total growth assets	**30**	**20 – 40**
Australian Fixed Interest	9	0 – 40 (total fixed interest)
Overseas Fixed Interest	11	
Cash	50	30 – 70
Total defensive assets	**70**	**60 – 80**

Cash and Term Deposits option:

Asset class	**Benchmark %**	**Range %**
Australian Equities	0	0
Overseas Equities (unhedged)	0	
Overseas Equities (hedged)	0	
Real Assets	0	0
Total growth assets	**0**	**0**
Australian Fixed Interest	0	0
Overseas Fixed Interest	0	0
Cash	0	100
Total defensive assets	**0**	**100**

	Conservative Growth option	Cash and Term Deposits option
Estimated buy/sell spread	0.15% of monies invested in this option	0.00% of monies invested in this option

The above benchmark represents the expected allocation of assets within the various markets over the longer term.

[3] The Trustee is required by law to set investment objectives (aims) for the Fund and any underlying investment options. The investment aims set out above are not a forecast or guarantee of any future returns.

<table>
<tr><th></th><th>High Growth All International Shares (formerly International Shares)</th><th>Balanced Growth Socially Responsible Investment (formerly Balanced SRI)</th></tr>
<tr><td>Investment aim[4]</td><td>The broad investment aim is to maximise long term investment returns whilst tolerating a high degree of variability in year to year returns.

More specifically, the High Growth All International Shares option aims to earn returns after tax and fees that exceed CPI increases by at least 4% pa over rolling seven year periods.

This option aims to exceed, on a pre-tax basis, the return of the MSCI All Countries Index over rolling 3 year periods.</td><td>The broad investment aim is to maximise long term investment returns, while accepting a significant degree of variability in year-to-year returns.

More specifically, the Balanced Growth Socially Responsible Investment option aims to earn returns after tax and fees that exceed CPI increases by at least 3% pa over rolling five and seven year periods.

This option aims to outperform, on an after tax and fees basis, the notional return on the benchmark portfolio over three and five year periods.</td></tr>
<tr><td>Minimum suggested time frame</td><td>7 or more years</td><td>5 or more years</td></tr>
<tr><td>Summary risk level</td><td>High</td><td>Medium to High</td></tr>
<tr><td>Investment risk</td><td>Members choosing this option should accept the possibility of negative returns in no more than 4 to 6 out of 20 years.</td><td>Members choosing this option should accept the possibility of negative returns in no more than 3 to 4 out of 20 years.</td></tr>
<tr><td>Who this option might suit</td><td>Designed for those seeking to earn returns from investments in international shares.</td><td>Designed for those seeking long-term wealth accumulation, where short-term volatility is a consideration.</td></tr>
<tr><td>Investment strategy</td><td>
<table>
<tr><th>Asset class</th><th>Benchmark %</th><th>Range %</th></tr>
<tr><td>Australian Equities</td><td>0</td><td>0</td></tr>
<tr><td>Overseas Equities (unhedged)</td><td>81</td><td rowspan="2">100
(within o/seas Equities)</td></tr>
<tr><td>Overseas Equities (hedged)</td><td>19</td></tr>
<tr><td>Real Assets</td><td>0</td><td>0</td></tr>
<tr><td>Total growth assets</td><td>100</td><td>100</td></tr>
<tr><td>Australian Fixed Interest</td><td>0</td><td>0</td></tr>
<tr><td>Overseas Fixed Interest</td><td>0</td><td>0</td></tr>
<tr><td>Cash</td><td>0</td><td>0</td></tr>
<tr><td>Total defensive assets</td><td>0</td><td>0</td></tr>
</table>
</td><td>
<table>
<tr><th>Asset class</th><th>Benchmark %</th><th>Range %</th></tr>
<tr><td>Australian Equities</td><td>24</td><td>14 - 34</td></tr>
<tr><td>Overseas Equities (unhedged)</td><td>25</td><td rowspan="2">21 - 41
(within o/seas Equities)</td></tr>
<tr><td>Overseas Equities (hedged)</td><td>6</td></tr>
<tr><td>Real Assets</td><td>20</td><td>0 - 35</td></tr>
<tr><td>Total growth assets</td><td>75</td><td>65 – 85</td></tr>
<tr><td>Australian Fixed Interest</td><td>9</td><td rowspan="2">0 – 40
(total fixed interest)</td></tr>
<tr><td>Overseas Fixed Interest</td><td>11</td></tr>
<tr><td>Cash</td><td>5</td><td>0 – 20</td></tr>
<tr><td>Total defensive assets</td><td>25</td><td>15 – 35</td></tr>
</table>
</td></tr>
<tr><td>Estimated buy/sell spread</td><td>0.29% of monies invested in this option</td><td>0.33% of monies invested in this option</td></tr>
</table>

The above benchmark represents the expected allocation of assets within the various markets over the longer term.

[4] The Trustee is required by law to set investment objectives (aims) for the Fund and any underlying investment options. The investment aims set out above are not a forecast or guarantee of any future returns.

Investment performance

The table below shows the past performance for the last five years to 31 December 2017 of the Fund's eight investment options.

Please remember past performance is not an indication of future performance and therefore the returns earned by members in the future will not necessarily follow the pattern of returns in the table and may be positive or negative.

From 1 July 2017, investment returns on assets supporting a TRIS will no longer be tax exempt but will be taxed at 15%, less applicable tax credits, the same level of tax that applies to investment returns on super accounts. Investment returns on assets supporting an account based pension will continue to be exempt from tax as long as your total pension account balances remain below the transfer balance cap, currently $1.6 million.

Investment option	Annual effective rates of returns at 31 December of each year*					5 year compound effective rate
	2017 %	2016 %	2015 %	2014 %	2013 %	pa %
High Growth All Australian Shares	12.54	15.12	0.34	4.37	23.90	10.95
High Growth All Australian Shares Socially Responsible Investment	13.18	7.16	7.21	8.07	25.77	12.06
High Growth	12.72	10.59	4.22	8.79	30.52	13.03
Balanced Growth	10.44	11.67	2.80	7.25	19.17	10.14
Conservative Growth	5.04	6.03	3.30	6.00	9.91	6.04
Cash and Term Deposits	1.73	1.94	2.18	2.52	2.74	2.22
High Growth All International Shares**	n/a	n/a	n/a	n/a	n/a	n/a
Balanced Growth Socially Responsible Investment**	n/a	n/a	n/a	n/a	n/a	n/a

* Annual effective rates of return are actual rates of return less tax and investment expenses.
** These investment options commenced March 2018, therefore no past performance is available.

How does investment performance affect your benefits

Your Pension Account is known as an accumulation style benefit where an account in your name in the Fund is invested according to your choice of one or more of the eight investment options and grows according to the investment return of those options.

This means your Pension Account is linked directly to how the Fund's investments in your selected option(s) have performed.

See earlier in this section for more information on the investment risks and the investment options available.

Where to find up to date performance

Once you are a member of the Fund, you can access up-to-date information about the performance of the investment options by:

- visiting the Fund's website at ***www.lutheransuper.com.au;***
- reading the latest annual report of the Fund;
- contacting the Helpline - 1800 635 796.

Which option may suit you?

This very much depends on your individual financial circumstances. It is recommended that you seek professional advice when making this decision.

Some of the things you may wish to consider include:

- how much risk you are comfortable with, i.e. can you accept that returns will be negative at some point;
- your investment timeframe (i.e. when you plan to retire); and
- what you plan to do with your lump sum when you retire.

When making your choice of investment option(s), the Helpline can help you with general inquiries, but for legal reasons are not allowed to give advice as to which investment option you should choose. This choice will be your decision alone and will need to be based on your individual financial circumstances and needs.

How much risk are you comfortable with?
Most investments involve some level of 'risk (the chance of the investment changing in value – either up or down). Because some investments are more volatile than others (depending on the mix of growth and income assets) having a choice of investment options means that you can help control how much risk you want to take. Refer to **'About risk'** earlier in this section for further details.

Investing your super mainly in income assets over the long term also carries a risk – the risk that your super investment won't keep up with inflation.

If your super money doesn't grow as fast as inflation, your super could lose its buying power and you may end up with a smaller nest egg than you need.

Your investment timeframe

You may wish to ask yourself this question - "When will I need my super money?" Government rules generally mean that you can't access your super until you're at least age 55. Even once you've retired, you're likely to need to invest a big proportion of your money to give you an adequate income in retirement. So for many people, the answer to this question will be: "Not for a long time". If you have a long time frame, then perhaps time is on your side. You may wish to consider focusing on investments that have a high proportion of growth assets. With time on your side, you may feel you can afford to ride out the inevitable ups and downs of investment markets. On the other hand, if you have got a short time frame, and if it's important to avoid short term falls in the value of your super, a more conservative approach may be better.

However, there is no specific answer other than the one you give based on your own financial circumstances and needs.

Some other points you may wish to consider before making your choice

- Do you have any other investments outside of superannuation and are they mainly growth assets or income assets?
- How much longer will you be earning an income and contributing to superannuation?
- Are you planning on cashing in all or part of your superannuation when you retire to pay for things other than ongoing income?

If you are unsure about how you want to plan your finances in retirement you should see a financial adviser. They will be able to help you make a decision based on your individual circumstances.

Once you have made your choice of investment option you can change it in the future. However, it's recommended that you see a licensed financial adviser before you consider changing your investment option. Generally a person with a long term view would not consider such a change unless their particular circumstances have changed.

Some frequently asked questions about investment options

Does my choice of investment option apply to all my superannuation?

Your choice of investment option applies to your total account balance.

Can I split my money between investment options?

Yes. You can allocate your money between any of the six underlying investments options in any percentage you like as long as the total adds up to 100%.

When can I change my investment option?

You can change your investment option at any time.

Is there a fee for changing my choice?

No, a fee is not charged for changing your investment choice. You will incur the relevant buy/sell spread as detailed in the section **Your investment options… in detail**.

How often should I change my choice?

Most financial advisers would suggest that while it's important to review your choice of investment option, particularly if your personal circumstances change, it's generally not wise to change your choice very often. Remember, superannuation is usually a long-term investment. Before making any decision to change your investment choice you should consider your circumstances, financial situation and needs. You may also wish to consult a licensed, or appropriate authorised, financial adviser.

How do I know how my investment option is performing?

Reports containing investment performance for all investment options are issued on a monthly basis via the Fund's website. Returns are also detailed in the Fund's annual report.

Are returns guaranteed?

No. Actual performance of investment options cannot be guaranteed and returns can be negative.

However, while there are no guarantees, the Trustee reviews the performance of its managers regularly with a view to ensuring that the investment managers remain appropriate.

What happens if I do not make an investment choice?

If you do not make a valid investment choice your request cannot be actioned. Your account balance will be invested in the Fund's Balanced Growth – MySuper option until such time as a valid investment choice has been made by you.

What if I'm not sure which option to choose?

If you are unsure see a financial adviser for advice. They will be able to help you make the most appropriate decision for your needs, and perhaps advise you on your overall financial situation at the time.

Please remember, the Chief Executive Officer, or your employer, cannot advise you on which investment option may be best for you. They can only describe and generally explain the choices available through the Fund.

The Fund's Helpline is able to provide limited financial advice to members including assistance with selecting an appropriate investment option or assistance with advice on contributions to the Fund.

Unit prices explained

Units are a simple way of managing the changes in your super account and tracking how your choice of investment option has been performing.

The amount of superannuation you have is converted into units. Your investment in any option is represented by the number of units you have. When you transfer an amount into the Pension Category, the dollar amount is converted into units using the buy unit price calculated at the last valuation date for the investment option into which the contributions are placed.

For example, if you have 1,000 units and the unit price is $1, you then have $1,000 invested in your super.

The unit price in each option is normally determined on a weekly basis. The Trustee may vary the frequency depending on circumstances and prices may be set more or less frequently. Each option has two prices – a buy price and a sell price. When you choose to invest in an option you are allocated units in that option and the buy price is used to determine the number of units you have.

If you decide to move your money from one option to another or you leave the Fund and a benefit is payable, the sell price would be used to determine how much money is available for you.

Unit prices will go up and down depending on the investment performance of each particular option. This means that if the option performs well, the unit price will rise and consequently the value of your investment in the Fund will rise.

Conversely, the price may fall, which means that the value of your investment in the Fund will reduce.

The investment management costs related to each option will be reflected in the unit pricing. Earnings, whether positive or negative, will be reflected directly in the unit price.

Nominating your beneficiaries

If you die whilst a member of Lutheran Super, the Trustee will either continue to pay your pension to your spouse or dependant or will pay a lump sum to your dependant or legal personal representatives. Because of this, it is important the Trustee has a record of your wishes as to who you would like to receive your benefit.

You can do this in one of two ways:

1. An agreed death benefit nomination

You can nominate one or more persons who the Trustee will pay your death benefit to either by way of lump sum death benefit or as a reversionary pension in accordance with the proportions specified by you.

In the event of your death the Trustee will be bound to follow an agreed death benefit nomination, unless it has become invalid or is no longer in effect.

Your agreed death benefit nomination will be invalid if:

- It is not made using the *Lutheran Super – Pension Category : Making an Agreed Death Benefit Nomination* form;
- the *Making an Agreed Death Benefit Nomination* form has not been properly completed in accordance with the relevant legal requirements which are specified on the form (for example, the nominated proportions are not clear or do not equal 100%, or the form has not been signed and witnessed correctly);
- at the time of your death, one or more of the persons nominated by you in the *Making an Agreed Death Benefit Nomination* form has died or is not your dependant or legal personal representative;
- you remarry after making the nomination;
- you were legally incapable of making the nomination;
- the Trustee is legally restrained or prohibited from paying your super payout to one or more of the persons nominated by you in the *Making an Agreed Death Benefit Nomination* form.

An agreed death benefit nomination will cease to have effect if:

- three years has passed from the day you signed the *Making an Agreed Death Benefit Nomination* form or last re-confirmed that nomination;
- you have revoked the nomination;
- the Trustee is prevented from making payment in accordance with your agreed death benefit nomination due to the operation of the Family Law Act 1975;
- you are subject to a Court Order that prevents you from making an agreed death benefit nomination or that requires you to revoke an otherwise valid agreed death benefit nomination.

OR

2. Preferred beneficiaries nomination

You can nominate who you would prefer your pension to be paid as a lump sum or as a reversionary pension. This is an indication of your preferences only, and may be relevant to the distribution of your remaining pension account balance on death. The Trustee will not be legally bound by your wishes but will take them into account in determining to whom and in what proportions to pay a death benefit.

To let the trustee of Lutheran Super know your wishes, you should complete Step 8 of the *Application to join the pension category* form.

You can also make a nomination of preferred beneficiaries, or change your existing preferred beneficiary nomination at any time either via the website www.lutheransuper.com.au, by calling the Helpline on 1800 635 796 or completing the *Lutheran Super – Pension Category : Nominating your beneficiaries* form.

Making, changing or revoking your Agreed Death Benefit Nomination

If you wish to make an agreed death benefit nomination, or amend or revoke an existing agreed death benefit nomination please call the Helpline on 1800 635 796 or visit the website www.lutheransuper.com.au for the *Making an Agreed Death Benefit Nomination* form. The form also contains full instructions on how to complete it.

If you wish to reconfirm your existing agreed death nomination to continue for another three years, you can also call the Helpline on 1800 635 796 for the form.

Who can you nominate for a lump sum?

Your lump sum death benefit can only be paid to:

- your spouse – whether by marriage, a de facto relationship (including same-sex partners) or a registered relationship under a law of State or Territory (including same-sex partners),
- your children including step-children, adopted children and your spouse's children,
- your legal personal representative*, or
- any person with whom you have an interdependency relationship**.

* You may nominate your legal personal representative (your estate). If your legal personal representative receives your benefit, it will be distributed according to your will, or if you don't have a will, according to relevant State law in which you resided at the date of your death.

** An interdependency relationship is one where two people (whether or not related by family):

- have a close personal relationship; and
- they live together; and
- one or each of them provides the other with financial support; and
- one or each of them provides the other with domestic support and personal care.

An interdependency relationship will also exist between two people if they have a close personal relationship but due to either or both persons suffering from a physical, intellectual or psychiatric disability the other criteria of interdependency outlined above cannot be met.

If you don't have any dependants or a legal personal representative, the trustee has the ability to pay your super benefit to any person allowed by the law. This would usually be one of your relatives.

Payment of death benefits

The payment of the death benefit is subject to the provisions of the Lutheran Super Trust Deed and Rules.

The Trustee is bound by the law relating to payment of death benefits for superannuation funds. Whilst the Trustee endeavours to pay such benefits as quickly as possible, in some cases there may be a significant period between the date of death and the time the benefit is paid to your beneficiaries due to the legal processes involved.

Some death payments are subject to tax concessions as defined under tax law. Any potential beneficiary may be required to provide certain information at the time of payment.

Who can you nominate for a reversionary pension

When you establish your pension account you can elect an eligible beneficiary to receive a reversionary pension upon your death.

Once your pension has commenced with a reversionary pension nomination in place, a change to your beneficiaries cannot be made without the establishment of a new pension account. Please contact the Helpline if you have any questions.

The law only allows a reversionary pension to be paid to:

- a surviving spouse - whether by marriage, a de facto relationship (including same-sex partners) or a registered relationship under a law of State or Territory (including same-sex partners),
- a child being under age 18;
- a child being between age 18 and 25 and financially dependent on the you;
- a child over 18 and suffering from a prescribed disability: or
- any person with whom you have an interdependency relationship** (both at the time of nomination and at the time of your death).

Once the child reaches age 18 or 25 (if the child is financially dependent on the deceased member), the pension must be commuted and paid out as a lump sum unless the child is suffering from a relevant disability, in which case the pension can continue to be paid.

If the child has already reached age 18 or 25 (if the child is financially dependent on the deceased member) at the time of your death (and your Agreed Death Benefit Nomination is still valid and in effect), the trustee will pay a lump sum equal to the relevant portion of your super account balance to that child.

If any of your spouse or dependants who are in receipt of a pension die, a lump sum benefit equal to the value of that person's pension will be paid to that person's legal personal representative or, if they have no legal personal representative, to any natural person allowed by law.

If a legal personal representative receives a payout, it will be distributed according to the deceased's will, or if they don't have a will, according to the laws of the State in which they resided at the date of their death.

Tax and Super

The rules at a glance….

Generally, no tax is payable on amounts transferred to the Pension Category.

Depending upon your circumstances, tax may be payable on investment income.

Pension payments and lump sum withdrawals are:

- tax free when paid from age 60 (although some tax may be payable on death payouts)
- generally taxable when paid before age 60.
- You may be entitled to a 15% tax offset on pension payments if you are at least age 55 and under age 60.

The following information is a general description of the tax treatment of superannuation and pensions, and is based on our understanding of the tax laws as at the date of this PDS. It aims to give you an overview only, assuming you are an Australian resident. If you are not an Australian resident for income tax purposes different tax rules may apply.

As the tax treatment of super can become complex and may change at any time it is important that you obtain advice from a licensed, or appropriately authorised, financial adviser, about how the tax laws affect you.

How tax applies to amounts transferred to the Pension Category

Generally there is no tax payable when you commence a pension from Lutheran Super as the monies have been transferred into the Pension Category from your "non-pension" Lutheran Super account.

Your Tax File Number is important

While you don't have to provide your tax file number (TFN) to the Trustee, 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.

Tax at a higher rate of up to 47% including the Medicare levy (rather than 15%), may also apply to any untaxed element rolled over from another super fund. Further, it will not be possible to accept termination payments made by your employer if we do not have your TFN.

Any TFN information supplied will automatically be applied to all future investments to and payouts from your pension with Lutheran Super. For more information on the use of TFNs call your local branch of the Australian Taxation Office (ATO).

Tax on investment income

Prior to 1 July 2017, the trustee was not liable to pay tax on the Fund's assets held in respect of the Pension category's investment income.

However, from 1 July 2017 investment returns on assets supporting a TRIS will no longer be tax exempt but will be taxed at 15 per cent, less applicable tax credits, the same level of tax that applies to investment returns on super accounts. Investment returns in an account based pension will continue to remain tax free.

Tax on pension payments and withdrawals

You may have to pay tax on pension payments and any withdrawals you make from the Fund. The actual amount of tax you'll have to pay depends on:

- your age when your pension or withdrawal is paid; and
- certain other factors

This is outlined in more detail below.

A $1.6 million cap (known as the 'transfer balance cap') applies on the total amount of superannuation that can be transferred into a pension account (or that can remain in an existing pension account) where investment returns are exempt from tax. Any amount in excess of the $1.6 million limit must be transferred out and can either remain in a super account where invest returns are subject to tax or can be withdrawn (subject to preservation rules).

The limit applies to all of your pension accounts combined (including any pension accounts in other funds). The transfer balance cap will be indexed in line with the Consumer Price Index (CPI).

Tax on your pension payments

The tax payable on your pension payments depends on your age and the different components that make up your pension.

Pension payments from age 60

You pay no tax on your pension payments from age 60.

Pension payments before age 60

The taxable component of your pension payments will be treated as income. Income tax at your marginal rate, plus the Medicare levy, will be deducted at the time of payment. The Medicare surcharge may also apply.

No tax is payable on the tax-free component of your pension payments, if any.

If you are between your preservation age and 60, you will be entitled to a tax offset equal to 15% of the taxable component of your pension payments.

Taxable and tax-free components

The taxable and tax-free components of your pension payments are a percentage of each pension payment. The percentages are determined at the commencement of your pension based on the taxable and tax-free components of the amount you transferred into an Account Based Pension or Transition to Retirement Pension.

For example, if you transfer an amount of $200,000 into an Account Based Pension and this is made up of a taxable component of $150,000 and a tax-free component of $50,000, then the taxable and tax-free components of your future pension payments will be:

Taxable component = $150,000 *divided* by $200,000 *times* 100 = 75%

Tax-free component = $50,000 *divided* by $200,000 *times* 100 = 25%

Tax on your lump sum withdrawals

The tax payable on any lump sum withdrawals depends on your age and the different components that make up your pension.

Lump sum withdrawals from age 60

You pay no tax on your lump sum withdrawals from age 60.

Lump sum withdrawals before age 60

Any lump sum withdrawals will be split between a tax-free component and a taxable component. The split will be based on the percentage determined when you commenced your pension as outlined above.

- You pay no tax on your tax-free component
- If your lump sum withdrawal is paid after you reach your preservation age but before age 60, you pay no tax on the first $205,000* of your taxable component and 15%^ tax on any amount over $205,000. If you take your lump sum withdrawal before your preservation age, you pay tax at 20%^ on your total taxable component.

* The limit, the "low-rate threshold" is applicable for 2018/19 and is indexed from 1 July each year to Average Weekly Ordinary Time Earnings (AWOTE) in steps of $5,000. The limit is a lifetime limit applicable to all payments made after you reach your preservation age, including such payments made before 1 July 2007.

^ The Medicare levy (plus where applicable, the Medicare surcharge) is also payable.

Benefit paid in the event of a terminal medical condition

A lump sum superannuation benefit is paid to you if you are certified as having a terminal medical condition and is tax free if paid within the period of the certification described below.

You are considered to be terminally ill when you have been diagnosed with an illness or have incurred an injury which is likely to result in your death within 24 months of certification by two medical practitioners (one being a specialist in that particular medical field) regardless of any treatment that is undertaken.

Your death benefit and tax

If you die and your super is paid to your spouse or other dependants, the tax treatment will vary depending on your age and whether the amount paid is a lump sum or reversionary pension. The treatment can also vary depending on your relationship with the recipient of the benefit.

A lump sum death benefit paid from the Fund to a dependant is tax free. A lump sum death benefit paid from the Fund to a non-dependant will be taxed at 15% plus Medicare levy on the taxable component (any untaxed element will be taxed at 30% plus Medicare levy). No tax is payable on the tax free component.

If you nominated an eligible beneficiary to receive a reversionary pension upon your death, and you are age 60 years of age or older at the time of death, the pension is paid tax free to the reversionary pensioner regardless of their age. If you are under age 60 at the time of death the taxable component of the pension payments are taxed at the reversionary pensioner's marginal tax rates (and the person is entitled to a 15% tax offset on those taxable pension payments) until the reversionary pensioner reaches age 60.

A credit will generally arise in the transfer balance account of a recipient of a death benefit income stream (subject to complicated timing and valuation rules).

The taxation implications are complex and you should seek professional tax advice or see a licensed or appropriately authorised financial adviser.

Surcharge assessments

If we receive a surcharge assessment in respect of you we will return it to the tax office. The ATO will then forward it to you.

Payments of tax assessments and Refund of tax

If you receive a tax assessment from the ATO due to

- a superannuation surcharge debt, or
- an excess contributions tax debt,

you can ask the trustee to pay this from your Pension Account to the ATO. This will reduce your Pension Account accordingly.

For payments of your excess contributions tax debt, if you decide to pay the tax yourself, you can ask the Trustee to refund to you the amount payable and this will reduce your Pension Account accordingly.

In some cases:

- payment can only be made if your request is made to the trustee within the time period set down by the ATO; and/or
- the ATO may impose penalties if you do not lodge your request with the trustee within that time period.

Please note that if you have previously not provided your TFN to the Fund and paid additional tax on your super contributions, you cannot request a refund of this additional tax paid via your Pension Account. Any requests for a refund of this additional tax must be made to the super fund that paid the additional tax. A fee may apply for claiming a refund of this additional tax.

Social Security

Two tests are applied by the Government to determine your eligibility for Social Security benefits – an assets test and an income test. The amount of superannuation payments you receive may impact the income and assets tests and therefore affect your entitlement to Social Security benefits.

The Federal Government's regulations relating to Social Security entitlements and the taxation of superannuation are complex and can change with little notice. As each member's personal circumstances differ, the taxation laws will affect individuals in different ways.

We recommend that you see a licensed or appropriately authorised financial adviser for advice on taxation matters.

Other things you should know

This section explains:

- Enquiries and complaints
- Privacy Issues
- Important trust deed provisions
- How we keep you informed

Enquiries and complaints

The Trustee has a process in place for dealing with member enquiries and complaints. Most queries can be sorted out over the phone. If you have any questions about the Fund or if you feel we are not dealing with you as you would like, and you would like to make a complaint you can:

- call the Helpline on **1800 635 796**; or
- write to:

  Enquiries and Complaints Officer
  Lutheran Super
  GPO Box 4303
  Melbourne VIC 3001

While you can expect a reply to your enquiry within 28 days, a period of up to 90 days can be experienced for complaints.

The matter will be investigated by the 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.

The Trustee always seeks to resolve any complaints to the satisfaction of all concerned and in the best interests of all the members of Lutheran Super. However, if you have made a complaint and, after at least 90 days, are not satisfied with the outcome or the matter can't be resolved, you may take your complaint to an external dispute resolution body:

The Superannuation Complaints Tribunal (SCT) before 1 November 2018:

Online: www.sct.gov.au

Email: info@sct.gov.au

Phone: 1300 884 114

Mail: Locked Bag 3060, Melbourne VIC 3001

or

The Australian Financial Complaints Authority (AFCA) on or after 1 November 2018:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail: GPO Box 3 Melbourne VIC 3001

Complaints must be referred to the SCT or AFCA within certain time limits. For more information about requirements and time limits, contact the SCT before 1 November 2018 and AFCA on or after 1 November 2018.

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.

Protecting your privacy

In order to provide your superannuation benefits and to properly manage the Fund, it's necessary for the Fund to hold personal information about you. This information identifies you as a Fund member and typically includes your name, address, date of birth, gender, occupation, salary, Tax File Number and any other information that is required.

The Fund generally collects this information from either 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 and permitted by law, including the Trustee of any other fund you may transfer to. By becoming a member of the Fund, it's assumed that you consent to this handling of your personal information. If you do not provide the Fund with your personal information, the Fund may not be able to provide all of your superannuation benefits.

You may request access to your personal information held by the Fund. Should any of your personal information be incorrect, you 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 Fund abides by the Australian Privacy Principles under the Privacy Act 1988 (Cth) and has adopted a Privacy Policy which sets out in detail the way it handles members' personal information. If you would like a copy of the Fund's Privacy Policy please contact the Fund's Privacy Officer by writing to:

The Privacy Officer
Lutheran Super
C/- GPO Box 4303
Melbourne VIC 3001

Family Law and your super

Government legislation generally allows married and de facto couples (including same sex de facto couples) to make binding agreements or obtain Court orders from the Family Court in respect of how each partner's super will be divided upon a relationship breakdown, except in Western Australia (the Commonwealth laws in relation to de facto couples do not apply in Western Australia).

Your super benefit may need to be adjusted to reflect any agreements or Court orders which may be binding on the Trustee. Splitting super entitlements will also affect the preservation components of your super and may have tax consequences. You should seek professional advice on the consequences of a marriage or relationship breakdown on your super.

Please note that under the Family Law Act, the Trustee is also required to provide certain information about a member's super benefit in the Fund to 'eligible persons' where the information is required to negotiate a superannuation agreement or to assist with a Court order. For the purposes of the Family Law Act, an eligible person means a member, the spouse of a member or a person who intends to enter a superannuation agreement with the member.

The Trustee may charge a fee when a request is made for actions to be taken under the Family Law Act in respect of your super benefit. The current fees applicable are shown in the "Fees and costs" section of this Booklet.

The Trustee has determined that a spouse that is entitled to a split under the Family Law Act will be entitled to become a member of the Fund should they wish. Any such person will be required to complete all the relevant forms to become a member of the Fund.

You can also call the Helpline on 1800 635 796 about family law matters affecting your super in the Fund.

Amending the trust deed

The trust deed is a document that describes the rights and benefits of all the Fund members, as well as the duties and obligations of the Trustee and participating employers. It can be amended by the Trustee with the consent of the Lutheran Church of Australia.

As circumstances change, it may be necessary for the trust deed to be amended. However, no amendment made can reduce your super benefit accrued up to the date of the amendment without your consent, unless the change is required or permitted by law. You'll be advised, in writing, of the nature and effect of any material amendment made to the trust deed.

All amendments made must comply with the strict requirements of the trust deed and all government legislation.

Continuation of the Fund

While the Lutheran Church of Australia intends to continue the Fund indefinitely, future events may make it necessary to change the Fund or the employers may reduce, suspend or cease employer contributions to the Fund. In the event that your employer goes into liquidation or ceases to carry on business, contributions to the Fund will cease and your benefits will be calculated in accordance with the provisions of the trust deed.

Financial position of the Fund

Although you have accumulation benefits, the Fund is a defined benefit superannuation fund as the benefits of some members are described in the form of a benefit formula, generally based on salary.

The relevant employers that provide defined benefit entitlements to certain employees meet the balance of the cost of the respective defined benefits, after allowing for any member contributions. The level of funding that is the relationship between assets and benefit liabilities of the Fund will vary from time to time. A professional known as an actuary is appointed by the Trustee to advise the Trustee on the level of funding and the rate at which your employer is to contribute to finance the benefits for all defined benefit members of the Fund.

In the event of the Fund winding up in the future at a time when the total level of funding was insufficient, and the employer being unable to make a contribution to fund the difference, the Trustee and the Fund Actuary would need to determine whether your benefits would need to be adjusted. Such adjustments, if any, will take into account the restrictions in the legislation which governs the running of super funds in such circumstances.

You will be advised annually of the level of funding in your Fund annual report or earlier in the case of a significant event.

You can't borrow from the Fund

Under law, you can't borrow money from the Fund or use your super as security for a loan from any form of lender.

Continuation of the Fund

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Transfer to other funds

The trust deed gives the trustee the power in certain circumstances to transfer your benefits out of the Fund either with or without your consent as required or permitted by legislation.

Investment of Fund assets

The trustee is responsible for the management of the Fund's assets. The assets of the Fund are held in Trust and must be invested in accordance with the investment powers contained in the trust deed and with Government requirements.

We'll keep you informed

As a Fund member you will be kept informed about the progress of the Fund and the growth of your benefits.

Material changes or significant events

You will be provided with at least 30 days' notice of any proposed increases in fees or costs. All other material changes or significant events will be advised as soon as practicable, but in any event within the period required by superannuation law.

Keep us informed

To help with the administration of your benefits, please let us know if you change address or your personal details change. We can only send you information about the Fund and your benefits if we have your current address.

Visit our website

You can also access up to date information by visiting the Fund website at www.lutheransuper.com.au

For example, at the website you can:

- view your current balance;
- view your transaction history;
- update your personal details;
- change your beneficiaries;
- change your investment options;
- find out about spouse super and more;
- access a Retirement planner.

Further information available on request

As well as sending you regular information and answering your questions, the Trustee can provide you with further information including:

- the Fund's trust deed;
- the Fund's investment policy statement;
- the latest audited Fund accounts;
- the Fund's Privacy Policy Statement;
- the rules covering the appointment and removal of member representative directors on the Trustee board;
- the Fund's enquiries and complaints procedures;
- a summary of the most recent actuarial report.

If you'd like to see copies any of these documents contact the Helpline on 1800 635 796. There is generally no charge for this information.

Glossary

Cash - Cash is an asset class that includes short-term interest bearing investments. Generally, the likelihood of losing the initial investment in cash is minimal. While volatility (the chance of ups and downs in value) with cash is low, the returns are also likely to be lower than those available from fixed interest, property and shares over the long term.

Fixed interest - Fixed interest investments are issued to investors by Australian and overseas governments, semi-government authorities and companies in return for cash. Interest is paid to the investors over the life of the investment, usually at a fixed rate. These investments can generally be bought or sold before they mature, potentially resulting in capital gains or losses.

Overseas fixed interest investments are normally hedged to remove the effect of currency movements. Hedging is a process of protecting investments against, or reducing the risk of a loss.

Fixed interest investments are less volatile than shares and property but with a lower expected return in the long-term.

Preservation - to make sure that your super is used only for retirement, it's subject to Government preservation rules. Generally, these rules mean you can't access your super in cash until you retire permanently from work and reach your preservation age (varies from age 55 to 60 depending on when you were born).

Property - Investing directly in office buildings, shopping centres, industrial estates and other similar property investments is known as direct property investment. Investors can also buy units in property trusts, which invest in a variety of properties. These trusts may be listed on the Australian Stock Exchange or they may be unlisted.

Like shares, a property investment is suitable for long-term investment as it has the expectation of some ups and downs in the short-term.

Shares/Equities - When you buy shares you are actually buying a portion, or share, of a company. Your investment return will depend on how the company performs over time and on economic factors.

By investing in overseas shares you are investing in different economies, which may assist in reducing overall volatility (ups and downs in returns) by increased diversification. Overseas share investments are also subject to currency movements which can add to, or take away from, the share market return.

Over the long-term, returns from shares have in the past tended to be higher than those achieved by property, fixed interest and cash. However, in the short-term, performance tends to have more ups and downs.

Your super benefit – this refers to the amount paid from the Fund. It doesn't necessarily mean that you'll receive it in cash. It's most likely that at least part of your super will be 'preserved'.

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Administration: GPO Box 4303, Melbourne VIC 3001

Helpline: 1800 635 796

website: www.lutheransuper.com.au