ACTIVE SUPER DEFINED BENEFIT SCHEME

Product Disclosure Statement

July 2022

Hamish
Active Super member since 2017

HOW TO USE THIS PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (PDS) provides you with important details about the Active Super Defined Benefit Scheme.

This document together with the fact sheets detailed below make up the Active Super Defined Benefit Scheme PDS.

The following fact sheets containing further information on the topics covered in this PDS are available at activesuper.com.au/PDS or can be sent to you free of charge by Member Services on 1300 547 873:

- Fees and other costs
- How we manage your money.

The information contained in this PDS and the fact sheets is general information only and should not be considered to be personal advice as it does not take into account your individual financial objectives, financial situation or needs.

ESTABLISHING AND MAINTAINING YOUR ACCOUNT

To establish and maintain your membership in Active Super, the Trustee requests that you provide certain information to Active Super and its service providers when you join and when you provide instructions in relation to your account.

If you choose not to give us your personal information or provide us with incomplete or inaccurate personal information, we may not be able to provide you with all your entitlements and benefits, and may not be able to process your instructions or pay your benefit.

OBTAINING UP-TO-DATE INFORMATION

The information contained in this PDS is up to date at the time of preparation. However, Active Super reserves the right to vary the benefits, procedures or terms and conditions from time to time. Some of the information may also be subject to change, such as information about management costs, other fees or investment information.

Active Super will update the PDS if there is a materially adverse omission or change to any information in the PDS.

Any changes that aren't adverse to you may be updated on our website at activesuper.com.au and a paper copy of the changes will be provided on request from Member Services on 1300 547 873 at no extra charge.

THE BEST RETURNS ARE SUSTAINABLE

Like other super funds, Active Super invests in a range of assets such as shares, private equity and direct property. However, unlike most funds, Active Super actively invests these assets based on a Sustainable and Responsible Investment Policy and is certified as a responsible super fund by the Responsible Investment Association Australasia (RIAA), the peak body representing responsible and ethical investors across Australia and New Zealand.

Active Super believes that it is not only important to maximise investment returns, but also to invest in a way that favours companies and projects which show a commitment to our community and the environment.

Active Super has won numerous awards in recognition of its commitment to responsible investing. More information on our awards can be found at activesuper.com.au/awards

CONTENTS

The Defined Benefit Scheme is closed to new members. Please read page 3 for more information including minor exceptions.

Issue No. 15 - Dated 1 July 2022. This PDS, including the incorporated fact sheets, is issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558) ('Trustee') as trustee for Local Government Super (ABN 28 901 371 321) ('Active Super'). This document contains general information only and does not take into account your investment objectives, financial situation or particular needs. Accordingly, before you make a decision about the product, you should consider the information in this PDS and, if necessary, obtain advice tailored to your personal circumstances.

IMPORTANT INFORMATION

QUALITY SERVICE

Services available to members include a website with online account access, an Active Super mobile app to manage your account, an in-house contact centre, affordable financial planning, seminars, annual statements and newsletters. Active Super directly and actively monitors the administration services it provides and welcomes feedback from members regarding these services.

REASONABLE COST

Active Super operates on a profit-to-members basis. It does not have any entry fees and believes that the total fees charged are competitive in the superannuation industry.

INVESTMENT CHOICE

The Active Super Retirement Scheme offers you a choice of six investment options.

DISCLAIMER

Neither Active Super nor any of its service providers, or any of their associated companies, guarantee the performance of the Active Super Retirement Scheme or any of its investments, the repayment of capital, or any particular rate of return.

INTERPRETATION

In this PDS:

- the Active Super Retirement Scheme is referred to as 'the Scheme'
- the Trustee, LGSS Pty Limited, is referred to as 'the Trustee', 'we' and 'us'
- members are referred to as 'you' and 'your'
- all monetary amounts referred to in this document are in Australian dollars, unless otherwise specified.

ABOUT ACTIVE SUPER

Active Super was established as a profit-to-members industry scheme under a trust deed on 30 June 1997 ('Trust Deed'). The Trustee is solely engaged in the management and control of Active Super and its assets for the benefit of members. When you join, you are bound by the Trust Deed.

The Defined Benefit Scheme is governed by Division D of the Trust Deed.

Active Super is regulated primarily by the *Superannuation Industry (Supervision) Act 1993* (Cth).

ABOUT THE TRUSTEE

LGSS Pty Limited (ABN 68 078 003 497) is the Trustee of Local Government Super (ABN 28 901 371 321) ('Active Super'). Active Super manages approximately $13.5 billion in superannuation assets for around 80,000 members. While the size of Active Super is not a guarantee of security or performance, it gives the Trustee cost effective access to professional advice and monitoring services. The Trustee is a profit-to-members company solely engaged in the management and control of Active Super and its assets for the benefit of members.

The Trustee is responsible for managing Active Super, including the safe keeping of assets and ensuring Active Super operates in accordance with the Trust Deed and superannuation law.

The Trustee is an APRA Registrable Superannuation Entity Licensee and is also the holder of an Australian Financial Services Licence (licence no. 383558).

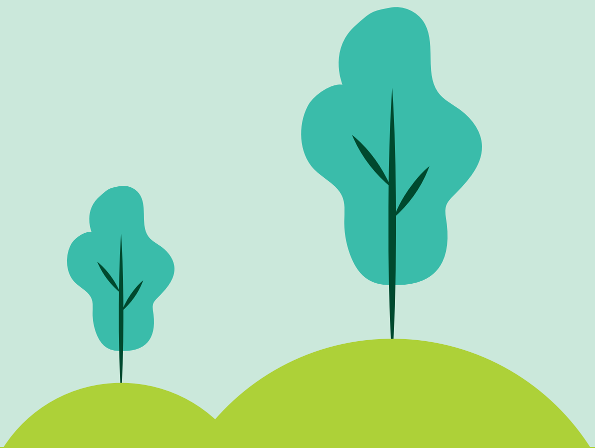
The Trustee engages external experts such as investment advisers, investment managers, administrators, custodians, accountants, solicitors and auditors to assist with its obligations.

The Trustee is located at:

Level 12
28 Margaret Street
Sydney NSW 2000

Contact details:

Phone: 1300 547 873
Web: activesuper.com.au



THE DEFINED BENEFIT SCHEME

The Defined Benefit Scheme is for certain employees of participating employers within the local government sector in NSW.

Your employer contributes on your behalf. Your benefit on retirement is directly related to your unit entitlement, as dictated by your superable salary on retirement.

The Defined Benefit Scheme also provides benefits in the event of your death, invalidity and on leaving employment with a participating employer.

If you are no longer employed by a participating employer, in certain circumstances you may retain your benefits as a deferred member (see page 15 for more information).

The Defined Benefit Scheme is closed to new members, except for members taking up employment with a participating local government employer and who transfer from the State Superannuation Scheme or the Energy Industries Defined Benefit Scheme. Please refer to page 19 for more information about continuity of membership.

ABOUT THE SERVICE PROVIDERS

The administrator of Active Super is Australian Administration Services Pty Limited (AAS) which attends to the day-to-day operations under a written service agreement.

The custodian for Active Super is J.P. Morgan Nominees Australia Ltd, which holds Active Super's assets under a written service agreement.

YOUR ACCOUNT

Your Defined Benefit Scheme account consists of the following components:

PERSONAL ACCOUNT

Your Personal Account is used for the purpose of receiving defined contributions made by you to meet your defined benefit obligations. The level at which you would contribute is based largely on your unit entitlement, which in turn is determined by your salary.

Depending on how you exit the Defined Benefit Scheme, your Personal Account may be payable as a lump sum or as part of your pension.

EMPLOYER FINANCED BENEFIT

This is the employer funded portion of your benefit and is based on your unit holding and reason for withdrawal from the Defined Benefit Scheme.

Depending on how you exit the Defined Benefit Scheme, your Employer Financed Benefit may be payable as a lump sum or as part of your pension.

BASIC BENEFIT

The Basic Benefit is made up of two components:

- A Defined Basic Benefit, which is a non-contributory fully employer funded benefit and is generally equal to 3% of either your average salary or final salary (depending on the reason for withdrawal) for each year of service since 1 April 1988.
- An Other Contributions account, which is the accumulation component of your Basic Benefit. This account can be used for the purpose of receiving additional personal and employer contributions and amounts rolled over from other superannuation funds. It is also able to accept Government Co-contributions.

You cannot generally leave the Defined Benefit Scheme while you remain an eligible employee unless you attain age 65, when you can leave the Defined Benefit Scheme regardless of your employment status. In some circumstances, such as severe financial hardship and compassionate grounds, you may be able to withdraw some funds while still a member.

You cannot remain a contributory member of the Defined Benefit Scheme once you reach age 70.

CONTRIBUTIONS

The amount you contribute to the Defined Benefit Scheme depends largely on the number of units you are entitled to and have elected to contribute for.

Generally, you are entitled to one unit for each $260 of your Superable Salary.

The contribution rates are age-based. In other words, the rate you pay per unit increases according to the age at which you start paying for the unit. The exception to this is when units are taken up within five years of reaching maturity age (generally age 60). Due to the high rates that would otherwise apply at this time, contributions are paid by 'Instalments' over a five-year period. For example, units taken up at age 57 will not be fully paid for until you are 62.

One result of this is that if you retire after reaching maturity age you will have outstanding contributions payable. These must be paid or offset against your benefits before your benefits can be paid (see *Debts to the Defined Benefit Scheme* on page 18).

Contributions are payable every four weeks. There are 13 'Contribution Periods' in a calendar year. Once per year, your employer provides Active Super with updated salary information and your unit entitlement is reviewed.

SALARY FOR CONTRIBUTION PURPOSES

Each year, Defined Benefit Scheme employers report your Superable Salary as at your Annual Review Day (ARD). Members born between 1 July and 31 December have an ARD of 9 February, and members born between 1 January and 30 June have an ARD of 28 July.

For all members (other than contracted employees) Superable Salary means the sum of:

- the monetary remuneration payable to you as reported by your employer (excluding any allowances or leave payments), plus
- any allowances (including shift allowances) paid in the 12 months immediately preceding the ARD, which are included in the definition of Ordinary Time Earnings for Superannuation Guarantee purposes, plus
- weekly workers' compensation paid to you which is included in the Ordinary Time Earnings definition, plus
- the value of any private use of a motor vehicle provided by your employer, plus
- the value of any child care provided by your employer, plus
- the amount of any voluntary employer (salary sacrifice) superannuation contributions, plus
- the value of any other salary sacrifice arrangements and any associated fringe benefits tax payable on other arrangements.

For contracted employees, Superable Salary means:

- your total salary package, less
- the annual cost of the employer contributions.

Any changes to be made based on information received on your ARD will come into effect on your Annual Adjustment Day (AAD). For members with an ARD of 9 February, the AAD is 5 May. Members with an ARD of 28 July have an AAD of 21 October.

Prior to your AAD, you are advised of any changes in your unit entitlements. These changes are based on the Superable Salary reported by your employer as compared to the previous year.

You are required to contribute for any additional unit entitlement if the total contributions payable remain below 6% of Superable Salary. If the total contributions payable are higher than 6% of Superable Salary, you can elect to abandon all or some of the new units (i.e. those which take your total contributions to above 6% of Superable Salary). If no election to abandon units is made, contributions are required to be made for all units.

If you have previously abandoned units, you may also elect to start contributing for those units.

The contributions payable effective from each AAD are notified to your employer and deducted from your salary. Normally, any increase in contributions should start from the first pay day on or after the relevant AAD.

Personal contributions can be made from pre-tax salary (i.e. by salary sacrifice) or after-tax salary, by arrangement with your employer.[1]

Generally, contributions for a particular unit are payable from the time that contributions commence for that unit until you exit the Defined Benefit Scheme and become entitled to payment of a benefit. If you plan to take leave without pay please note that contributions continue to be payable. However, arrangements can be made to defer payment until you return to work. For more information please contact Member Services on 1300 547 873.

UNITS

Most benefits are based on the number of units you are entitled to. Your unit entitlement is based on your Superable Salary, so the higher the Superable Salary, the higher the unit entitlement.

Each unit represents a nominal pension entitlement of $5.50 per fortnight at retirement age (generally 60 but 55 in the case of some female members). This nominal pension entitlement can, however, be reduced by a number of circumstances. These are explained in the *Benefits* section, from page 11.

ABANDONED UNITS

Abandoned units are units for which you have elected not to contribute. These have a notional pension value at retirement age of $3.30 per fortnight pension (as compared to the notional pension value of $5.50 per fortnight pension for units for which contributions are being paid).

Although abandoned units may be taken up at any AAD, the full notional pension value may not apply where an early retirement pension, invalidity pension, or 'death in service' spouse pension, becomes payable within two and a half years of the abandoned units being taken up. You should note when considering whether or not to abandon any units that future benefits could potentially be reduced.

1. For more information about salary sacrifice contributions, refer to the *Salary Sacrifice for Defined Benefit Scheme members* fact sheet, available at activesuper.com.au

RESERVE UNITS

If you hold Reserve units you may substitute these for normal units which you become entitled to. You must have held the Reserve units for ten years or one year if aged 50 years or more, to substitute these units for normal units.

If you exit without having used your Reserve units you are entitled to a refund of any contributions paid for these units, plus interest.

SALARY REDUCTIONS

Generally, a reduction in Superable Salary results in a reduction in unit entitlement. In this situation you have the following two options:

Continue to pay contributions on the excess units. These units will not attract any entitlements in the event of your termination of employment. However, some or all of the excess units may be used to contribute for subsequent salary increases.

Reduce your contribution rate by ceasing to contribute for the excess units. In this case, contributions already paid for the excess units will be refunded. A refund of contributions will also be paid on any excess units for which contributions are being made on termination of employment.

The exceptions to this general situation are as follows:

- the reduction in Superable Salary is due to ill-health, or
- the reduction in Superable Salary is 20% or more.

Reductions due to ill health

In this situation, you can apply to the Trustee to retain your pre-reduction Superable Salary for superannuation purposes. The effect of this is that there is no reduction in unit entitlement, and the value of your entitlements continues to be based on that unit entitlement. It also means, however, that contributions continue to be based on the higher unit entitlement. The retained unit entitlement continues to apply until additional units become available due to increases in your actual Superable Salary.

The Trustee may approve the retention of a member's pre-reduction Superable Salary in exceptional circumstances. If you want to apply for retention of unit entitlement you should do so through your employer, as your employer must verify the reduction and the reasons for it.

Reductions of 20% or more

If your full-time Superable Salary (or equivalent full-time salary if employed on a part-time basis) reduces by 20% or more and the reduction is verified by your employer, you have the option to crystallise your entitlements based on your pre-reduction Superable Salary. This is provided that you notify the Trustee no later than two months following the salary reduction. Your entitlement would then remain in the Defined Benefit Scheme as a deferred benefit and you can elect to either:

- join the Active Super Retirement Scheme as a new member (with the lower Superable Salary applied), or
- have future superannuation contributions paid by your employer into the Active Super Accumulation Scheme.

Part-time employment

If you are employed on a part-time basis, your unit entitlement is reduced to reflect the period of service not provided by you. For example, if by working part-time your potential full-time service reduces by 20% then your total unit entitlement will also reduce by 20%.

Contributions payable by you would be based on the reduced unit entitlement. Generally, the reduction in total contributions paid would be in the same proportion as the unit entitlement reduction, although this might not apply if you are approaching age 55.

If working part-time you will also accrue reduced Basic Benefit entitlements. For example, if you are working three days per week you will accrue entitlements at 60% of the full-time rate.

If you are considering moving to part-time employment you should contact Member Services on 1300 547 873.

LEAVE WITHOUT PAY

There are two types of leave without pay:

1. Prescribed (or authorised)
2. Non-prescribed.

A member who takes any form of leave without pay is required to continue to pay their member contributions during their period of leave.

Prescribed (or Authorised) leave

The most common types of Prescribed leave are maternity leave and sick leave. Secondment to a non-Local Government employer may also be treated as Prescribed leave. Employers may also declare leave for certain other purpose (e.g. for full-time study) as Prescribed leave.

Prescribed leave counts as service in the Defined Benefit Scheme, and member contributions continue to be payable as if you were not on leave. You can, however, apply to defer the payment of those contributions until you return to work. In cases of Prescribed leave, the employer will continue to pay employer contributions.

Non-prescribed leave

This is any period of leave without pay that is not Prescribed or Authorised leave.

Any period of more than five days of Non-prescribed leave does not count as service for the Basic Benefit and no entitlements will accrue in respect of that period.

If the period of Non-prescribed leave exceeds three months, you have the option of either:

- having the period of leave count as service, in which case you continue to pay your member contributions at the same rate as if you were not on leave. Additionally, your employer may also ask you to pay the cost of providing employer-financed benefits for that period, or
- having the period of Non-prescribed leave exceeding three months not count as service. In this case you will continue to pay your member contributions at the same rate as if you were not on leave. However, you will not be required to pay your employer the cost of providing Employer Financed Benefits for that period. Your unit entitlement will be permanently reduced to offset the non-payment of the Employer Financed Benefits for the period of the leave without pay.

If you are considering taking Non-prescribed leave you should contact Member Services on 1300 547 873 before the leave commences.

ROLLOVERS AND TRANSFERS-IN

Your Other Contributions account can accept rollovers, additional employer contributions and top up contributions (pre or post tax).

GOVERNMENT CO-CONTRIBUTIONS

The Commonwealth Government makes contributions to the superannuation account of an eligible income earner. The amount that the government will contribute will depend on the post-tax amount contributed and the salary of the eligible income earner. Conditions apply, for more information, please refer to the *Defined Benefit Scheme co-contribution* fact sheet at activesuper.com.au/factsheets

CONCESSIONAL CONTRIBUTIONS

Concessional contributions are generally contributions paid by your employer to meet certain obligations such as the Superannuation Guarantee, or under an Award. However, any pre-tax (salary sacrifice) contributions you make are also considered to be concessional contributions.

Caps apply to contributions made to your superannuation scheme for each financial year. Any concessional contributions made over the cap are subject to extra tax. For more information please refer to the Concessional Contributions in the *Defined Benefit Scheme* fact sheet, at activesuper.com.au/factsheets

SPOUSE CONTRIBUTIONS

The Defined Benefit Scheme does not accept spouse contributions. However, as an Active Super member you can make contributions (including eligible spouse contributions) to an Active Super Accumulation Scheme account at any time. For more information please refer to the *Accumulation Scheme How super works* fact sheet at activesuper.com.au/PDS

FIRST HOME SUPER SAVER (FHSS) SCHEME

The FHSS Scheme helps you save money for your first home by making voluntary contributions to Active Super. You may be able to benefit from the tax treatment within super by contributing to your Other Contributions account.

If you have never owned property in Australia, you can make concessional (before-tax) and non concessional (after-tax) contributions to your super:

- concessional contributions include salary sacrifice contributions and personal contributions for which a tax deduction is claimed. These contributions are taxed at 15%
- non-concessional contributions include any personal contributions from after-tax money.

To qualify for the FHSS scheme, you must:

- be at least 18 years old at the time of the withdrawal;
- have never owned property in Australia; and
- have not previously received a FHSS scheme payment.

From 1 July 2018 you can apply to withdraw your voluntary contributions made to super after 1 July 2017 together with an amount of deemed earnings to help purchase your first home. This can be done through the ATO via your myGov account. For more information, please refer to the ATO at ato.gov.au

DOWNSIZING CONTRIBUTIONS

On 1 July 2018, the Australian Government introduced the Downsizing Contributions measure, which means you can contribute some proceeds of the sale of your home into superannuation.

Downsizing allows you to make an after-tax contribution of up to $300,000 into superannuation from the sale of your home which was your main residence. Couples can both contribute this amount towards super up to a maximum of $300,000 each. For more information, please refer to the ATO at ato.gov.au

BENEFITS

The Defined Benefit Scheme will provide you with benefits in the following circumstances:

- Retirement
- Early retirement
- Invalidity
- Death
- Retrenchment
- Resignation, discharge or dismissal

In certain circumstances, you can defer your benefit in the Defined Benefit Scheme.

HOW ARE BENEFITS CALCULATED?

The amount payable will depend on the reason you exit the Defined Benefit Scheme.

The payment of all benefits is subject to preservation rules under Commonwealth legislation. This means that a proportion of some benefits cannot be paid unless certain conditions are met. Details of those rules can be found in the *Preservation* section on page 26.

All Employer Financed Benefits (other than lump sum death benefits) are reduced because of the tax imposed on employer contributions since 1 July 1988. This reduction is calculated as follows:

$$\frac{\textbf{Employer Financed Benefit otherwise payable} \times \textbf{15\%} \times \textbf{Service since 1 July 1988}}{\textbf{Total service}}$$

All Employer Financed Benefits accrued from 1 July 1992 must meet the requirements of the Commonwealth's Superannuation Guarantee legislation. This means that the value of those benefits must be at least equal to the amount you would have accrued had your employer paid Superannuation Guarantee contributions into an accumulation-style super account. In the majority of cases, the benefits normally payable from the Defined Benefit Scheme meet those requirements. However, when they do not (and this is most likely to occur where a cash withdrawal benefit is taken), a shortfall is added to the Basic Benefit to satisfy legislation.

RETIREMENT

Your retirement age is shown on your annual member statement. For most members the retirement age is 60, but some women have a retirement age of 55 if they originally elected to make contributions on that basis when joining the Defined Benefit Scheme.

Generally, the benefit payable after reaching retirement age comprises:

- a pension based on your unit entitlement which, in turn, is based on your Superable Salary at retirement date, plus
- the Basic Benefit.

You can take up any units previously abandoned, plus any additional units that have become available since your last AAD. Contributions will be payable in respect of these units and arrangements need to be made to pay these before a benefit can be paid (see *Debts to the Defined Benefit Scheme* on page 18).

Retirement pensions are fully or partly commutable (please refer to *Commutations* on page 17).

You can take payment of your cash withdrawal benefit in lieu of your retirement pension benefit. In some cases the value of the cash withdrawal benefit will be higher than the commutation value of the pension otherwise payable. This might be an attractive option to you if you were intending to fully commute your pension.

However, when a cash withdrawal benefit is paid, no further benefits are payable from the Defined Benefit Scheme to your beneficiaries. In particular, there would be no spouse benefit or children's pensions payable in the event of your death. You should seek professional financial advice if you are considering this option. Contact Member Services on 1300 547 873 to make an appointment.

EARLY RETIREMENT

If you have a maturity age of 60 and you retire between ages 55 and 59, you are entitled to:

- a retirement pension which is discounted according to your age at retirement, plus
- the Basic Benefit.

There are two ways in which the pension payable may be calculated and the higher of the two will be used. Essentially both calculations are based on the pension payable at maturity, discounted according to the period remaining to retirement age.

Early retirement pensions are fully, or partly, commutable (please refer to *Commutations* on page 17).

You can take payment of your cash withdrawal benefit in lieu of your retirement pension benefit. In some cases the value of the cash withdrawal benefit will be higher than the commutation value of the pension otherwise payable. This might be an attractive option to you if you were intending to fully commute your pension.

However, when a cash withdrawal benefit is paid, no further benefits are payable from the Defined Benefit Scheme to your beneficiaries. In particular, there would be no spouse benefit or children's pensions payable in the event of your death. You should seek professional financial advice if you are considering this option. Contact Member Services on 1300 547 873 to make an appointment.

INVALIDITY

An invalidity benefit is payable to you if your employment terminates due to invalidity before you reach your retirement age, provided that the Trustee is satisfied that you are permanently unable to perform the duties you performed before suffering the invalidity.

The benefit comprises:

- a pension based on the retirement pension that would have been payable had you retired at maturity age, plus
- the Basic Benefit.

The pension payable has a notional value of $5.50 per fortnight for each unit which you were contributing for at retirement (less any previously abandoned units taken up within the two and a half years prior to retirement) and for any additional units that have become available since your last AAD. Each abandoned unit has a notional pension value of $3.30 per fortnight.

Invalidity pensions are fully or partly commutable upon reaching age 55 (please refer to *Commutations* on page 17).

You can take payment of your cash withdrawal benefit in lieu of your pension benefit. In some cases, the value of the cash withdrawal benefit will be higher than the commutation value of the pension otherwise payable. This might be an attractive option to you if you were intending to fully commute your pension.

However, when a cash withdrawal benefit is paid, no further benefits are payable from the Defined Benefit Scheme to your beneficiaries. In particular, there would be no spouse benefit or children's pensions payable in the event of your death. You should seek professional financial advice if you are considering this option. Contact Member Services on 1300 547 873 to make an appointment.

DEATH

The death benefit payable from the Defined Benefit Scheme depends on your circumstances at the time of your death.

Pension benefits are payable to an eligible spouse of a deceased member or pensioner (subject to the qualifications below). A spouse may be a de facto spouse or same sex partner. If the spouse is a de facto spouse or same sex partner, Active Super requires evidence that the claimant was in a bona fide relationship with the deceased at the time of death.

If you were to die in service, the only qualification is that the claimant was your spouse at the time of your death.

On the death of a pensioner, an eligible spouse is a person who:

(a) in the case of an invalidity pensioner, became the pensioner's spouse:

  - before the invalidity pension started being paid, or
  - at least three years before the pensioner's death and before the pensioner reached maturity age, and

(b) in any other case, became the pensioner's spouse before the pensioner became entitled to a pension, and

(c) in all cases, remained the pensioner's spouse at all times up until the pensioner's death.

The benefit payable is the Basic Benefit plus:

- in the case of a member who dies in service, a spouse pension equal to two thirds of the pension that would have been payable if the member had been retired on the grounds of invalidity at that time, or
- in the case of the death of a pensioner, a spouse pension equal to two thirds of the pension entitlement of the pensioner at the date of death.

Please note that:

- a pensioner is taken to include a former member who has fully commuted his or her pension,
- the pension entitlement is taken to be the full CPI indexed value of the original pension entitlement, irrespective of any amounts commuted, and
- no spouse benefit is payable when a former member elected to take a cash withdrawal benefit in lieu of a pension benefit.

Spouse pensions have commutation options (please refer to *Commutations* on page 17).

Pensions may also be payable in respect of the dependant children of a deceased member or pensioner (which includes full-time students up to the age of 25).

If there are no spouse or children's pensions payable on the death of a member in service, the resignation (cash withdrawal) benefit is payable to your legal personal representative.

Binding nomination

Under certain circumstances, you may make a binding nomination in favour of one or more dependants and/or legal personal representative(s).

You cannot make a binding nomination in respect of pension benefits.

Your reversionary pension must be paid to your spouse. However, you may make a binding nomination in the following circumstances:

- Deferral of a benefit as a lump sum benefit at or after attaining age 65.
- For benefits that have been compulsorily preserved as a lump sum following termination of employment.
- In respect of the lump sum Basic Benefit.

If you make a valid binding death benefit nomination in favour of your dependant(s), Active Super must distribute the benefit in accordance with your nomination provided it is valid at the time of your death.

For further information on binding nominations please refer to the *Defined Benefit Scheme Nominating beneficiaries* fact sheet, available at activesuper.com.au/factsheets

RETRENCHMENT

The benefit options available if you are retrenched before reaching age 55 include the following:

- Lump sum (please note that you forfeit rights to spouse reversionary benefits on death), or
- Pension, or
- Deferred pension (or commuted lump sum) payable from age 55, and
- Basic Benefit.

The lump sum benefit is the higher of an amount calculated based on your unit entitlement at exit, or the cash withdrawal benefit that would otherwise be payable.

The pension benefit is calculated by Active Super's actuary on an individual basis.

In all cases, a proportion of the benefit may be subject to compulsory preservation (please refer to *Preservation* on page 26). This may be an important factor in deciding which option is best for you. You should obtain full details of the options available to you and seek professional financial advice before making a decision. Contact Member Services on 1300 547 873 to make an appointment.

If you are retrenched or accept a voluntary redundancy offer after reaching age 55, but prior to your retirement age, you are entitled to an early retirement benefit. please refer to *Early Retirement* on page 12.

RESIGNATION, DISCHARGE OR DISMISSAL

On termination of employment before retirement age where no other benefit is payable, you can:

- take a cash withdrawal benefit subject to preservation rules, or
- leave your entitlements in the Defined Benefit Scheme as a Deferred Benefit.

The cash withdrawal benefit comprises the following:

- the accumulation of your contributions together with investment earnings, i.e. your Personal Account
- an Employer Financed Benefit calculated as 2.5% of your Personal Account for each year of service (less the tax reduction)
- the Basic Benefit.

The value of the cash withdrawal benefit is capped, i.e. its value (excluding the Basic Benefit) cannot exceed the capital value of the pension that would be payable had you been age 55 at exit. For members who have attained age 55, the capitalised value of the pension that would be payable had they elected to retire at their current age.

Please note that in choosing this option, you could forego a proportion of the Employer Financed Benefit accrued during your membership of the Defined Benefit Scheme.

THE DEFERRED BENEFIT OPTION

The Deferred Benefit available on retrenchment, resignation, dismissal, or discharge comprises the following:

- a pension payable from your Defined Benefit Scheme retirement age or a reduced pension payable from age 55 if your Defined Benefit Scheme retirement age is 60, based on your unit entitlement at exit, plus
- the Basic Benefit.

The pension is maintained as two components: an employer-financed component and a member-financed component. The employer-financed component is indexed in line with the Consumer Price Index (All Groups, Sydney) whilst it is deferred. The member-financed component is not indexed.

The Deferred Benefit will be paid:

- on reaching maturity age (subject to the preservation rules under Commonwealth legislation)
- on reaching age 55, at a reduced rate for members with a maturity age of 60 (subject again to the preservation rules under Commonwealth legislation)
- on total and permanent disability, or
- on death.

If you take this option you retain the right to take the current value (i.e. including interest) of the cash withdrawal, or retrenchment, lump sum amount at any time prior to reaching retirement age– subject again to the preservation rules.

Again, you should be aware that if you choose to take the current value you may forego a relatively high proportion of the Employer Financed Benefit accrued during your membership of the Defined Benefit Scheme.

THE BASIC BENEFIT

As described on page 4, the Basic Benefit consists of a defined component and the Other Contributions (OC) account.

The Basic Benefit is payable as a lump sum following exit from employment, provided you have met a condition of release, such as having reached your preservation age (which ranges from 55 to 60, depending on your date of birth). This is explained in more detail in *Preservation* on page 26.

A Basic Benefit that is not immediately payable on cessation of employment is required to be preserved until a condition of release is met. This would include reaching your preservation age, but may be paid earlier on death, total and permanent incapacity (subject to conditions), or in certain other limited circumstances.

The Basic Benefit is based on final salary in the event of death, retrenchment, or permanent invalidity (partial or total) prior to age 55, otherwise it is based on final average salary.

Generally, a period of non-prescribed leave without pay in excess of five days will not count as service for Basic Benefit accrual purposes.

THE MINIMUM BENEFIT

The Minimum Benefit that is payable from the Defined Benefit Scheme, irrespective of the type of benefit payable, is an amount calculated as the cash withdrawal benefit that would otherwise be payable from the Defined Benefit Scheme at the time of terminating employment.

In some cases, such as members taking a cash withdrawal benefit or a lump sum retrenchment benefit, the Minimum Benefit is payable immediately (subject to the preservation rules). In other cases, the total benefit paid might be less than this Minimum Benefit. Where this occurs, the benefit will be increased to the value of the Minimum Benefit and that increase is paid from the Defined Benefit Scheme. For example, this could be due to the death of a current member, or pensioner. In this case, the Minimum Benefit would be paid to the spouse or pensioner's estate.

The total benefits paid might include:

- pension payments to you, your spouse and any eligible children, plus
- lump sum payments, including the Basic Benefit and any commutation of pension.

PENSIONS

Members and spouse pensions are payable for life and members' pensions have a reversionary spouse pension entitlement. They are adjusted annually in line with increases in the Consumer Price Index (All Groups, Sydney). All pensions, other than children's pensions, have commutation options.

Pensions payable to members over age 55, or invalidity pensions payable to members under age 55 who are totally and permanently incapacitated, are fully rebateable. They attract a tax rebate equal to 15% of the total pension payment (less that part paid for by your own contributions since July 1983—the undeducted purchase price). Pensions paid to other members (e.g. retrenchment pensions) become rebateable when the member reaches age 55.

Children's pensions are also indexed and are payable until age 18, or in the case of full-time students attending an approved institution, to age 25.

No tax is payable on pensions paid to members aged 60 or over.

COMPLYING PENSIONS

Defined Benefit Scheme pensions are not considered to be complying pensions. However, you can elect to take a complying pension from the Defined Benefit Scheme by permanently giving up certain commutation rights (except if you're receiving an invalidity pension). For more information, please call Member Services on 1300 547 873.

COMMUTATIONS

A commutation is the exchange of a fortnightly pension for a lump sum. The rate of exchange is known as the commutation factor. This factor depends on the age at which commutation occurs, decreasing from $285 per $1 per fortnight pension at age 55 to $250 per $1 per fortnight pension at age 60. The factor decreases further if a pension is paid after reaching age 60 or if a member retires after reaching age 65.

All or part of a pension may be commuted and the commutation does not in any way affect the spouse pension that would otherwise be payable in the event of your death.

The election options available are as follows:

(a) If you are a pensioner under age 55 (e.g. in receipt of either an invalidity, retrenchment, or spouse pension) you have two opportunities to commute all, or part of your pension.

The first is on reaching age 55 and you may specify an effective date of the commutation between your 55th birthday and 13 months after that birthday. Elections can be lodged during the 12 month period commencing six months before your 55th birthday.

The second is on reaching age 60, but only if no part of the pension was previously commuted. Elections can be lodged during the 12 months, commencing six months before your 60th birthday and may specify a date of effect between that birthday and 13 months later.

(b) If you are a member retiring prior to reaching age 60, you also have two opportunities to commute all, or part, of your pension.

The first is on retirement and the second is on reaching age 60 but, again, only if no part of the pension was previously commuted. Elections to take up the first option can be made any time between the age of 54 years and six months, and six months after retirement, and take effect up to 13 months after retirement. Elections cease to have effect, however, if you do not retire within 12 months after reaching age 55 (if the election is made before age 55) or within 12 months after making the election (if the election is made after reaching age 55).

(c) If you retire after reaching age 60, you have one opportunity only to commute all, or part of, your pension. The election may be lodged up to 12 months before retirement and may take effect up to 13 months after retirement.

SPECIAL AGE PROVISIONS

Members aged 65 or over

At any time after reaching age 65, you have the option of terminating your active membership of the Defined Benefit Scheme and can be paid all or some of your total benefit (any balance can be left in the Defined Benefit Scheme as a Deferred Benefit). Your employer would then be required to make Superannuation Guarantee contributions to an accumulation account, such as your Other Contributions account or the Active Super Accumulation Scheme.

Members reaching age 70 or over

Under the Trust Deed you are not entitled to be a contributory member on reaching age 70. If you remain employed your employer would then be required to make Superannuation Guarantee contributions to an accumulation account, such as your Other Contributions account or the Active Super Accumulation Scheme.

DEBTS TO THE DEFINED BENEFIT SCHEME

Many members may still owe some contributions when they cease employment due to normal age retirement, invalidity or death in service. In the case of normal age retirement, this debt could be due to one, or more, of the following:

- outstanding balance on instalment rate units
- cost of any new units picked up at retirement
- cost of any previously abandoned units
- any surcharge debt (please refer to *Taxation* on page 28).

In the case of an invalidity, or death in service, the debt could be due to one or more of the following:

- The member being able to contribute for new units offered upon medical retirement.
- The member may have arrears of contributions arising from a period of sick leave without pay prior to their actual retirement.
- The outstanding balance on instalment rate units.
- Any surcharge debt (please refer to *Taxation* on page 28).

The member may choose from the following options as payment towards their outstanding contributions:

- a lump sum payment from the member
- payment from their Basic Benefit entitlement (where they are entitled to receive it)
- a reserve unit refund
- part of the commuted lump sum amount applied against the debt
- arrears of pension
- payment by instalments in certain circumstances (i.e. hardship)
- a combination of the above.

Note: In the case of an invalidity pension or death in service for any new units accepted, only one contribution period's payment needs to be made. Previously abandoned units may not be regained.

MEMBERS TRANSFERRING BETWEEN EMPLOYERS

Upon ceasing employment with an Active Super employer, members may request continuity of contributory membership when they have commenced employment with another Active Super employer (or re-commenced with the same employer) and the following has occurred:

- The new period of employment has commenced no later than three whole calendar months following the month in which the original employment ceased.
- The member has not applied for or been paid a benefit, or any part of a benefit, following the employment termination.
- The Trustee has granted approval of continuity.

Continuity of membership may also occur where an employee has moved to or from an Energy Industries Superannuation Scheme (EISS) employer or a participating State Superannuation Scheme (SSS) employer, subject to the same conditions specified above. If a former Active Super member is seeking continuity via the EISS Defined Benefit Scheme or SSS, the approval of the applicable trustee is required.

FEES AND OTHER 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 other costs of 2% of your 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 provision of better member services, justify higher fees and other costs.

You or your employer, as applicable, may be able to negotiate to pay lower fees[1]. Ask your 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 Investment Commission** (ASIC) Moneysmart website (moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

This section shows the fees and costs you may be charged in the Active Super Defined Benefit Scheme. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, advice fees for personal advice, may also be charged, but these will depend on the nature of the activity, or advice chosen by you. Entry and exit fees cannot be charged.

Taxes are set out in another part of this document.

You should read all the information about fees and other costs because it is important to understand their impact on your investment. Additional information on the fees and costs associated with all the investment options can be found in the *Fees and other costs* fact sheet at activesuper.com.au or from Member Services on 1300 547 873.

The *Fees and costs summary* below shows fees and costs that you may be charged on your Personal Account, Deferred account, or Other Contributions account. Contributory members are not charged any fees or costs on their Employer Financed Benefit or Basic Benefit.

1. To help you compare different superannuation products, the Trustee is required by law to provide this statement in a PDS. It is important to note that Active Super does not charge contribution fees and the management costs cannot be negotiated.

FEES AND COSTS SUMMARY

ACTIVE SUPER DEFINED BENEFIT SCHEME		
TYPE OF FEE OR COST	**AMOUNT**	**HOW AND WHEN PAID**
ONGOING ANNUAL FEES AND COSTS		
Administration fees and costs	0.35% p.a.	Administration fee percentage is paid from the Fund's assets prior to unit prices being calculated.
Investment fees and costs[2]	0.64% p.a.	Investment fees and costs are paid from the Fund's assets prior to unit prices being calculated.
Transaction costs	0.08% p.a.	Transaction costs are paid from the Fund's assets prior to unit prices being calculated.
MEMBER ACTIVITY RELATED FEES AND COSTS		
Buy-sell spread	Nil	Not applicable
Switching fee	Nil	Not applicable
Other fees and costs[3] • Advice fees	Personal Advice fees may apply. Refer to the *Additional explanation of fees and costs* for more information on other fees and costs	Personal advice fees are deducted from your account based on your agreement with the financial planner. No advice fees are charged for providing general advice

2. Investment fees and costs includes an estimated amount of 0.18% for performance fees. Please refer to the *Performance fees* section in the *Fees and other costs* fact sheet for more information.
3. Please refer to the *Financial planning fee (advice fee)* section on page 23 of this PDS and the *Additional explanation of fees and cost* in the *Fees and other costs* fact sheet for more information.

EXAMPLE OF ANNUAL FEES AND COSTS

The table below gives an example of how the ongoing fees and costs for the Defined Benefit Strategy investment option for the Active Super Defined Benefit Scheme can affect your superannuation investment over a one-year period. You should use this table to compare our Defined Benefit Scheme product with other superannuation products.

Note: There are no fees and costs associated with your Employer Financed Benefit and Basic Benefit and therefore these have not been included.

The table below with an example of annual fees and costs of the Defined Benefit Strategy investment option applies to the following Defined Benefit Scheme accounts:

- **Personal Account:** Contributory member with no Other Contributions account who eventually receives a withdrawal lump sum payment. The account balance is $50,000.
- **Other Contributions Account:** Contributory or non-contributory member with another Contributions account which eventually receives a withdrawal lump sum payment. The account balance is $50,000.
- **Deferred Account:** Deferred member with no Other Contributions account who eventually receives a withdrawal lump sum payment. The account balance is $50,000 with no contributions during the year.

EXAMPLE – DEFINED BENEFIT STRATEGY INVESTMENT OPTION		BALANCE OF $50,000
Administration fees and costs	0.35% p.a.	For every $50,000 you have in the superannuation product, you will be charged or have deducted from your investment **$175.00** in administration fees and costs.
PLUS Investment fees and costs	0.64% p.a.	**AND** you will be charged or have deducted from your investment **$320.00** in investment fees and costs.
PLUS Transaction costs	0.08% p.a.	**AND**, you will be charged or have deducted from your investment **$40.00** in transaction costs.
EQUALS Cost of product		If your balance was $50,000 at the beginning of the year, then for that year you will be charged fees and costs of **$535.00**[4] for the superannuation product.

4. Additional fees may apply. Refer to the *Fees and other costs* fact sheet at activesuper.com.au/PDS for more information.

The table above does not include all the fees and costs of the Defined Benefit Strategy investment option, or of the product generally. Further information can be found in the *Fees and other costs* fact sheet available at activesuper.com.au/PDS. The actual amounts charged will be shown on your member statements and in the Annual Report.

FINANCIAL PLANNING FEE (ADVICE FEE)

If you consult a financial planner, Active Super will charge a direct fee for some financial planning services. It's important to note that not all financial advice will incur a fee and in many cases there may be no charge. Whether or not a fee applies depends on the scope of the financial advice you require. Your financial planner will discuss any fees payable when meeting with you and, if a fee is applicable, will advise you of the fee and seek your agreement before proceeding with the advice.

MORE INFORMATION

You should read the additional information in the *Fees and other costs* fact sheet before making a decision. This fact sheet is available at activesuper.com.au/PDS or from Member Services on 1300 547 873.

DEFINED BENEFIT STRATEGY IN DETAIL

To achieve the investment objectives for contributory and deferred members of the Defined Benefit Scheme, the Trustee has adopted as relevant and practicable the Defined Benefit Strategy.

Definition

The Defined Benefit Strategy generally invests a high proportion of its funds in growth assets, such as Australian and international shares and property. The balance is invested in income-producing assets. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this strategy. In other words, the value of the investment may fluctuate over the short term.

Objective

Wage growth plus 2.0% to be achieved over 10 years.

Risks

As this is a defined benefit scheme any downside risk is effectively underwritten by the Employers.

Risk profile

High/Medium.

Asset allocation

ASSET ALLOCATION

ASSET CLASS ASSET	ALLOCATION RANGE
Australian equities	**11% – 31%**
International equities	**11% – 31%**
International listed property	**0% – 10%**
Australian direct property	**0% – 10%**
Private equity	**0% – 10%**
Private credit	**0% – 5%**
Growth alternatives	**0% – 5%**
Short term fixed interest	**4% – 24%**
Liquid alternatives	**0% – 5%**
Bonds	**5% – 25%**
Infrastructure	**0% – 5%**
Cash	**0% – 20%**
TOTAL SPLIT OF GROWTH/DEFENSIVE RANGE	
Growth Assets	**50-70**
Defensive Assets	**30-50**

You should read the additional information in the *How we invest your money* fact sheet available at activesuper.com.au/PDS

RESPONSIBLE INVESTING

Active Super, like other super funds, invests in a range of assets including shares, private equity, direct property etc. but unlike most funds, Active Super actively invests these assets based on a Sustainable and Responsible Investment Policy. This policy specifically takes into consideration environmental, social and corporate governance issues which recognises that the long-term prosperity of the economy and wellbeing of members depends on a healthy environment, social cohesion and good governance of the companies in which it invests.

The Trustee believes that it is not only important to maximise investment returns, but also to invest in a way that favours companies and projects which show a commitment to our community and the environment. Furthermore by investing in 'green' buildings, renewable energy and alternative investments based on clean technology, Active Super will position itself strongly to take advantage of the potential upstream growth as these sectors develop and expand.

PRESERVATION

Under preservation rules imposed by the Commonwealth Government, your benefit consists of one or more of the three components listed below. Your annual member statement will set out the preserved component of your benefit and whether or not you have a restricted non-preserved component or unrestricted non-preserved component.

1. Preserved component

This is the amount of your benefit that cannot be cashed unless you meet a condition of release. All superannuation contributions and benefits arising from those contributions, including all earnings, must be preserved. This means they cannot be withdrawn from the superannuation environment unless a condition of release is met.

2. Restricted non-preserved

This component of your benefit can only be paid in cash when you cease employment with an employer who has contributed to your account. Your restricted non-preserved benefit is the amount (if any) that you would have been able to withdraw and take in cash if you had left on 1 July 1999. Over time your restricted non-preserved benefit stays at the same dollar value unless you roll over any further restricted non-preserved benefit from another fund. While it will continue to attract investment earnings, the earnings will be preserved. The restricted non-preserved amount, plus any unrestricted non-preserved amount, will remain the maximum amount that you will be able to take in cash on leaving the Defined Benefit Scheme before satisfying a condition of release.

If you exit the Defined Benefit Scheme due to invalidity, your cashable amount would be equal to the value of the invalidity pension on 1 July 1999, unless you satisfy another condition of release.

3. Unrestricted non-preserved

This is the amount of your benefit that you can withdraw at any time.

The Trustee keeps a record of the amount (if any) that you would have been able to withdraw without any restrictions at 1 July 1999, in accordance with the preservation rules.

An unrestricted non-preserved amount will only exist when you meet a condition of release, or have rolled over an unrestricted non-preserved benefit from another fund.

If you have not satisfied a condition of release and the unpreserved part of your benefit is to be paid as a pension, the cashable lump sum value (both the restricted non-preserved and unrestricted non-preserved amounts) is converted to a cashable fortnightly pension.

FAMILY LAW

All preservation components may be reduced if there is a benefit split under the *Family Law Act 1975*.

WHEN ARE PRESERVED BENEFITS PAYABLE?

Preserved benefits may be accessed when you meet a condition of release. The conditions of release are:

- on permanent retirement from the workforce at or after your preservation age (see below)
- on leaving employment on or after age 60
- on leaving employment with a contributing employer and your preserved benefit is less than $200
- on reaching age 65, regardless of whether you are still working. However you must cease contributory Defined Benefit Scheme membership if you wish to access any benefits other than the Basic Benefit
- on total and permanent incapacity
- if you entered Australia on an eligible temporary resident visa and you subsequently permanently depart Australia, then you can apply for payment of your benefit. This does not apply to New Zealand citizens
- when the ATO gives the Defined Benefit Scheme a release authority to pay excess contributions tax to the ATO
- on death
- if you are suffering from a terminal illness.

You may be eligible to receive an early release of some of your preserved funds under certain circumstances, such as:

- on grounds of severe financial hardship
- on compassionate grounds following written approval from the ATO for payment of a specified amount.

PRESERVATION AGE

Your preservation age is the age at which you are eligible to access your preserved benefits due to retirement and is based on your year of birth, as shown below:

DATE OF BIRTH	PRESERVATION AGE
Before 1 July 1960	55 years
1 July 1960 – 30 June 1961	56 years
1 July 1961 – 30 June 1962	57 years
1 July 1962 – 30 June 1963	58 years
1 July 1963 – 30 June 1964	59 years
After 30 June 1964	60 years

TAXATION

The taxes applying to super are complicated. What follows is a summary of the tax treatment of super, current at the date this PDS was prepared. We suggest that you obtain professional advice about how the tax laws affect you.

TAX ON CONTRIBUTIONS

As the Trustee is required to pay the taxes referred to below, it deducts these amounts from your individual account balance.

Contribution tax

A 15% tax is levied on concessional contributions (which includes salary sacrifice) unless you earn more than $250,000 per annum, when some or all of your concessional contributions will be taxed at 30%.

The ATO will advise you after the end of the financial year if any additional tax is payable on your concessional contributions and you will have the option of paying the tax from your own funds, from any super account(s) you hold or a combination of both.

Surcharge

The Commonwealth Government abolished the surcharge levy for high income earners from 1 July 2005. However, any assessments received for periods prior to this date remain payable and are recorded in a debt account on which no interest is applied. Any amounts in your debt account will be deducted from your benefit at the time it is paid.

Superannuation lump sum payment from a taxed source

No tax is payable on a superannuation lump sum payment from a taxed source which is rolled over.

TAX ON INVESTMENT EARNINGS

Earnings on investments are generally taxed at a maximum of 15%. The actual rate may be reduced below 15% due to the effect of various tax credits and rebates.

TAX ON SUPERANNUATION LUMP SUM PAYMENTS

There may be tax payable when you make a lump sum withdrawal. Lump sum payments are subject to different income tax rates, depending on age, amount and the components withdrawn. Details of the current tax treatment of the components of a lump sum superannuation payment are contained in the table below.

COMPONENT	TAX TREATMENT		
	UNDER PRESERVATION AGE	PRESERVATION AGE TO AGE 59	AGE 60+
Tax-free component	Tax free	Tax free	Tax free
Taxable component	Taxed at 20%	Tax free up to the low rate cap amount with the balance taxed at 15%	Tax free
The Medicare levy is also payable upon any benefit where a tax rate applies.			

TAX ON DEATH BENEFITS

Tax payable on death benefits depends on individual circumstances. We recommend that you seek advice from a suitably qualified professional about how the tax laws apply specifically to you and your spouse, estate and dependants.

BENEFITS PAID IN A CASE OF TERMINAL ILLNESS

Where a benefit is paid for a member who has been approved for a payment under the terminal illness condition of release, no tax will be payable.

TAX BENEFIT

If you have taxable contributions allocated to your account, Active Super is able to claim a tax deduction on your behalf for any administration costs and insurance premiums that you have paid in the financial year.

If you are eligible for the tax benefit, this will be passed on to you by way of reduced contributions tax.

TAX ON PENSION PAYMENTS

From 1 July 2017, every Australian entering retirement phase with superannuation benefits will now need to monitor their own retirement cap. There is a limit of how much super can be transferred 'tax-free' into the retirement phase to support your pension. If you breach this transfer balance cap, there may be consequences including paying additional tax. This transfer balance cap was $1.7 million on 1 July 2021 and will be indexed to the consumer price index (CPI) in $100,000 increments.

Special rules apply to the measurement of Defined Benefits in pension phase to allow for the unique nature of how they are structured. As your Defined Benefit pension is non-commutable, excess transfer balances will not be attributable to a breach in your transfer balance cap. Instead the government has introduced a higher tax on the income stream received above a certain amount.

Pension benefit payments are tax-free on or after the age of 60, up to a 'defined benefit income cap' equal to one-sixteenth of the transfer balance cap. If a recipient exceeds this cap, 50% of the pension amounts over the cap are counted towards the recipient's assessable income and taxed at the individual's marginal tax rate. As at 1 July 2021, the defined income benefit cap is $106,250 but will change in line with the transfer balance cap.

For further information on the transfer balance cap and the transfer balance cap limit, please refer to the ATO website at ato.gov.au or speak to your financial planner regarding your individual circumstances.

THE 15% ANNUAL TAX REBATE (OFFSET)

If you are between ages 55 and 60 then you may be entitled to an annual tax offset on part of any benefits you receive as a pension (after age 60 superannuation payments are tax free). The offset is 15% of the taxable component.

OTHER OFFSETS

You may be entitled to other offsets. You should consult with a financial planner regarding what you may be entitled to claim.

GOODS AND SERVICES TAX (GST)

Your contributions to and withdrawals from the Defined Benefit Scheme will not be subject to GST. However, GST will be included in some charges to the Defined Benefit Scheme for management and investment services by the providers of those services. In respect of most of those GST amounts, Active Super can claim back 55% or 75% of the GST incurred as a reduced input tax credit, depending on the service. Amounts claimed back are credited to Active Super.

WILL *YOUR* SOCIAL SECURITY BENEFITS BE AFFECTED?

Social security benefits depend on individual circumstances. You should seek advice from a suitably qualified professional about how your individual account and benefits in the Defined Benefit Scheme will affect your social security benefits, or those of your spouse or dependants who may receive a benefit or pension after your death.

TAX FILE NUMBER (TFN)

Under the *Superannuation Industry (Supervision) Act 1993*, your superannuation fund is authorised to collect your TFN, which will only be used for lawful purposes.

These purposes may change in the future as a result of legislative change. Active Super may disclose your TFN to another superannuation provider when your benefits are being transferred, unless you request Active Super in writing that your TFN not be disclosed to any other superannuation provider.

It is not an offence not to quote your TFN. However, there could be significant consequences of Active Super not holding your TFN, these are discussed below.

Providing your TFN

It is important that you consider providing your TFN either directly or through your employer (if you haven't already done so). You can also check on your member statement to ensure that your TFN has been recorded.

Non-disclosure of TFN

If you or your employer have not provided Active Super your TFN:

- we cannot accept any after-tax contributions to your account
- additional tax may be payable on all before-tax contributions received (a further 30% plus the Medicare levy) and additional tax withheld on all super benefits paid to you before age 60 (up to 45% plus the Medicare levy). Additional tax on contributions will be payable at the end of the financial year or the date that you withdraw your benefit, whichever comes first.

If you do not provide your TFN by the end of the financial year and the additional tax is deducted, you can still provide your TFN and apply to have the additional tax refunded. However, additional tax will only be able to be refunded if the TFN is received within three years of the year in which the contributions were made and the additional tax was deducted.

If we have paid the additional tax to the ATO, there will generally be a considerable delay before any tax paid can be reclaimed because the application can only be made when we lodge our next tax return. If you leave before any additional tax can be reclaimed from the ATO, your super payout will be reduced. You will not be able to request a refund of this additional tax paid after you have exited.

OPERATIONAL INFORMATION

REGULAR REPORTS ON YOUR INVESTMENT

Member statements

These are issued yearly and show the current balance of your individual personal account, estimations of benefits, your preserved components and any transactions that have taken place over the period, including net investment earnings.

Annual Report

The Annual Report provides you with information on the management and financial condition of Active Super including its investment performance. The report is available at activesuper.com.au. Alternatively, you can contact Member Services to request a free copy.

COMPLAINTS RESOLUTION

Our commitment

Active Super is committed to providing you with satisfactory service and that all of your enquiries are attended to promptly.

However, if you are dissatisfied with the service that you are receiving or a decision that affects you, we encourage you to lodge a formal complaint.

How to lodge a complaint

If you have a complaint about any products or services or about a decision made by the Trustee, please contact Member Services on 1300 547 873 in the first instance to attempt to have the matter resolved. If you would rather make a written complaint, you can refer the matter to the Active Super Complaints Resolution Manager by:

Email: hello@activesuper.com.au with 'Notice of Complaint' in the subject of the email.

Online: via the 'Help and Support' section of our website activesuper.com.au

Post: Complaints Resolution Manager
Active Super
PO Box H290
Australia Square NSW 1215

By law, we are required to have in place arrangements to properly consider and deal with standard complaints within 30 days of receipt. Superannuation trustee complaints are to be resolved with 45 days, and complaints about a proposed death benefit distribution are to be resolved within 90 days after the expiry of the 28-day period for objecting. The Complaints Resolution Manager (who maintains a register of all complaints and actions) will ensure that your complaint is considered and provide you with a response as soon as possible. If a complaint is particularly complex, or circumstances beyond our control are causing complaint management delays, we will issue you with a delay notification before the standard timeframe expires. Once we resolve your complaint, we will provide you with an Internal Dispute Resolution response which will outline the final outcome of the complaint, your right to take the complaint to the Australian Financial Complaints Authority (AFCA), and the contact details for AFCA. Where Active Super rejects or partially rejects a complaint, we will provide reasons for the decision, including identifying and addressing the issues raised in the complaint.

If you are not satisfied with the response, or we fail to respond to you within the relevant timeframe, you have the option of referring your complaint to the Australian Financial Complaints Authority.

AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY

The Australian Financial Complaints Authority (AFCA) is an independent external dispute resolution scheme authorised by the Minister for Revenue and Financial Services. AFCA provides fair and independent financial services complaint resolution that is free to superannuation funds' members.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with AFCA.

The contact details for AFCA are:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Phone: 1800 931 678
Email: info@afca.org.au
Web: afca.org.au

FAMILY LAW ACT

The Family Law provisions are complex and you should seek independent legal and financial planning advice with respect to your personal situation. Please note that for Family Law purposes, the term spouse refers to the legally married spouse of a member, a de facto spouse or a same sex partner. For more information please refer to the *Family Law in the Retirement Scheme* fact sheet, available at activesuper.com.au

INFORMATION ON PRIVACY

Active Super is fully committed to comply with the Australian Privacy Principles in the way that information is collected, stored and used. Full details on how this is achieved are contained within Active Super's Privacy Policy. A copy of the Active Super Privacy Policy is available on our website at activesuper.com.au or by calling Member Services on 1300 547 873.

If you are not satisfied that adequate precautions are being taken to protect your personal information, you may make a formal complaint. The complaint must be in writing and addressed to:

Active Super Privacy Officer
Active Super (LGSS Pty Limited)
PO Box H290
Australia Square NSW 1215

Phone: 1300 547 873

If you are not satisfied with the response from the Privacy Officer, you may lodge a complaint with the Office of the Australian Information Commissioner which can be contacted on:

Office of the Australian Information Commissioner
GPO Box 5218
Sydney NSW 2001

Phone: 1300 363 992
Email: enquiries@oaic.gov.au
Web: oaic.gov.au

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING

The Trustee does not accept cash nor does the Trustee make payments to third parties unless authorised to do so by the regulator, the Court or the law.

To meet its legal obligations and to manage its money laundering and anti-terrorism financing risks, the Trustee must be reasonably satisfied that you are who you say you are, especially when you request any type of withdrawal from your account. This is in addition to the Trustee business requirements to be satisfied that you are the owner of your account and that the instruction the Trustee has received is valid.

At a minimum, the Trustee must verify your full name and date of birth, especially when you request any type of withdrawal. The Trustee may seek additional information to meet its obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

Additionally, the Trustee is required to monitor your transactions for the purpose of identifying, having regard to money laundering or terrorism financing risk, any transaction that appears to be suspicious within the terms of the legislation. Suspicious matters include suspicions about your identity, tax evasion, offence against a Commonwealth, State or Territory law, proceeds of crime, money laundering, terrorism financing or transactions that have no apparent economic or visible lawful purpose. The Trustee employs both human judgement and data analysis to identify such transactions.

The Trustee reports any such suspicious matters plus any threshold transactions or international funds transfer instructions to the regulator.

CONTACT DETAILS

MEMBER SERVICES

1300 547 873

WEB

activesuper.com.au

MAIL

PO Box N835
Grosvenor Place
NSW 1220

SOCIAL

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Office hours are between 8.30am and 6.00pm, Monday to Friday.

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