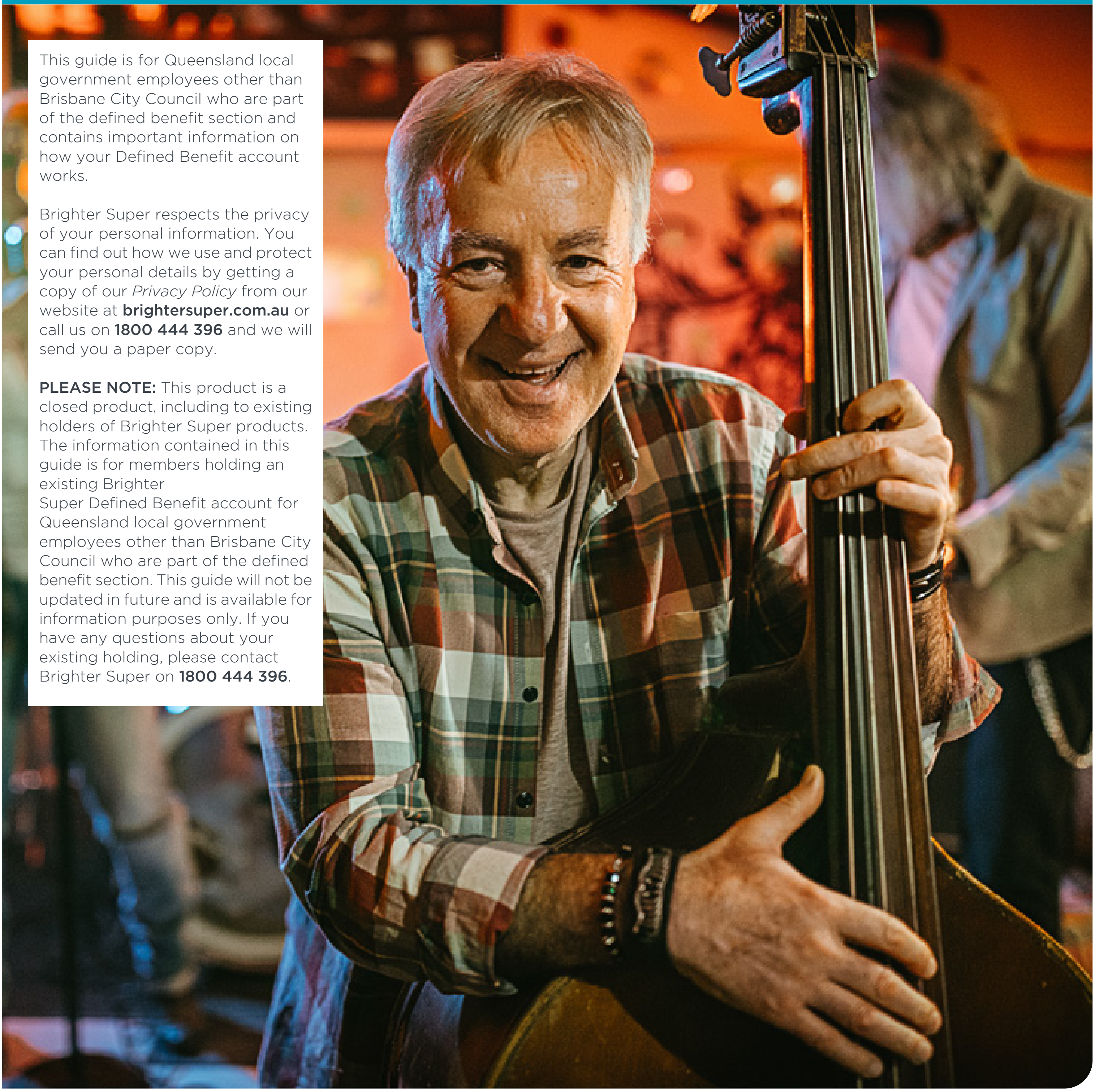
Defined Benefit Fund guide

Issued: 30 November 2023



This guide is for Queensland local government employees other than Brisbane City Council who are part of the defined benefit section and contains important information on how your Defined Benefit account works.

Brighter Super respects the privacy of your personal information. You can find out how we use and protect your personal details by getting a copy of our *Privacy Policy* from our website at **brightersuper.com.au** or call us on **1800 444 396** and we will send you a paper copy.

PLEASE NOTE: This product is a closed product, including to existing holders of Brighter Super products. The information contained in this guide is for members holding an existing Brighter Super Defined Benefit account for Queensland local government employees other than Brisbane City Council who are part of the defined benefit section. This guide will not be updated in future and is available for information purposes only. If you have any questions about your existing holding, please contact Brighter Super on **1800 444 396**.

SUPERANNUATION INVESTMENT ADVICE INSURANCE

This document has been prepared and issued by LGIAsuper Trustee (ABN 94 085 088 484 AFS Licence No. 230511) (Trustee) as trustee for LGIAsuper (ABN 23 053 121 564) (Fund), trading as Brighter Super. In this document, Brighter Super may refer to the Trustee or LGIAsuper as the case may be.

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Contact Brighter Super on **1800 444 396** or visit our website at brightersuper.com.au if you would like any further information.

This Defined Benefit Fund guide has been prepared and issued by LGIAsuper Trustee (ABN 94 085 088 484 AFS Licence No. 230511) (Trustee) as trustee for LGIAsuper (ABN 23 053 121 564) (Fund) trading as Brighter Super and provides general information for Brighter Super members. In this document, Brighter Super may refer to the Trustee or LGIAsuper as the case may be. Brighter Super products are issued by the Trustee on behalf of the Fund.

Brighter Super recommends that you should, before acting on this information, consider your own personal objectives, financial needs and situation. Brighter Super recommends you consult a licensed financial adviser if you require advice that takes into account your personal circumstances. . Brighter Super has representatives that are authorised to provide personal advice on Brighter Super products and superannuation in general.

The information in this document is up to date at the date of preparation of the document. Some of the information may change following its release. If the change is not significant we may not update the document immediately. Current information about investment performance and other issues will be published on our website and in our newsletters. We will send you a free printed copy at your request. Where there is an inconsistency between this document and the Fund's rules as per the LGIAsuper Trust Deed and Government regulations, the rules in the Trust Deed and Government regulations shall prevail.

Let's Grow!

For over 50 years we've helped members plan and enjoy a comfortable retirement by delivering trusted advice and industry-leading performance that is consistently reliable.

From solid, long-term investment performance to good governance and a unique understanding of the needs of local communities, there are many reasons why Brighter Super members choose us to look after their financial future.

As a member of the Brighter Super Defined Benefit Fund you have access to:

A defined benefit

Calculated as a multiple of final average salary (FAS) or as contributions plus earnings.

An accumulation account

Made up of any extra contributions and money transferred into Brighter Super from other funds. This amount fluctuates with investment earnings, which may be positive or negative.

Compulsory member contributions

You are required to contribute 6% standard member contributions, and your employer is required to contribute 12% of your salary.

Low fees

Fees and insurance premiums are generally paid by your employer, but some investment fees are taken into account before setting the investment earnings rate on the accumulation components of your benefit.

Insurance

We offer insurance solutions to protect the financial future of you and your family.

You have automatic Death and Total and Permanent Disablement insurance that covers you 24 hours a day, 7 days a week. Death and Total and Permanent Disablement cover continues after you leave local government employment (Total and Temporary Disablement cover ceases). Cover is subject to eligibility requirements.

Trusted, reliable service

Brighter Super is committed to giving you trusted, reliable service you can count on. When you phone or visit us you speak to someone who cares about you and understands super.

Information

Come to our free seminars, read our regular newsletter, or see the wide range of publications on our website. Register for Member Online and you can view your account balance and update your details whenever you wish.

Financial advice

Our trusted and reliable team can show you how to make your super work harder and give you information to help you actively make informed decisions on a range of topics while you're working and when you stop. You can also meet with an authorised representative for more comprehensive personal advice.

Personal contributions

We can accept personal contributions if you want to add to your accumulation benefit.

Flexible pension products

Brighter Super offers a Transition to Retirement Pension account (some restrictions apply) and if you're retired you can access our Pension account. See our *Pension accounts Product Disclosure Statement (PDS)* for details.

How the Defined Benefit Fund works

As a member with a Defined Benefit account, your employer's contributions, your standard member contributions and investment earnings are pooled with those of other members with Defined Benefit accounts. Benefits are paid from this common pool as and when required.

Your retirement benefit is calculated as higher of your:

- **multiple of salary calculation** a multiple of your final average salary (FAS), based on your years of fund membership.

or

- **contributions plus earnings calculation** your contributions plus/minus investment returns, less tax, fees and insurance costs.

A third calculation takes place to ensure your benefit is at least the minimum requisite benefit. This minimum benefit consists of employer superannuation guarantee contributions, your contributions and investment earnings, less tax and insurance costs.

You are unable to select how your defined benefit is invested, as contributions are pooled to provide benefits for all members based on these calculations.

Multiple of salary calculation

Using the multiple of salary calculation, your benefit is based on a formula of your final average salary multiplied by a pre-determined multiple. The multiple increases with your days of service. It grows at a rate of 0.18 times your FAS per year while you are working full-time. Before 1 January 1986, it increased by 0.135 for each year of full-time employment while a member of the fund.

For example, if you started employment on 1 January 1998 and retired on 1 January 2008, your multiple would have been 1.8 times your FAS (0.18 x 10 years). Your annual benefit statement will show your multiple at 30 June each year, along with projected multiples for retirement based on you continuing to work the same number of hours.

The final average salary used in this calculation is based on your salary as reported by your employer from time to time.

What is my final average salary (FAS)?

The FAS in Brighter Super is generally the average of your superannuation salary over the final 12 months of employment. This FAS cannot be greater than 120% of your superannuation salary 3 years prior, unless your average salary over the last 3 years of employment is greater than 120% of your superannuation salary 3 years ago. In this situation, the higher 3-year averaged salary applies.

For example, if you finished work on 31 December 2015 when your superannuation salary had been $49,000 at 1 January 2015 and $51,000 at 1 July 2015, your FAS would be $50,000 (6 months at $49,000 and 6 months at $51,000), provided this was not greater than 120% of your superannuation salary at 1 July 2012. The 3-year average salary calculation is assumed to not apply in this example.

What if I change to part-time employment?

Brighter Super always uses the full-time equivalent salary in FAS calculations to ensure that if you reduce your working hours, you do not experience a drop in the benefit you accrued while working full-time. Instead, your retirement multiple will grow more slowly during periods of part-time work. For example, if you are working 3 days a week (60% of full-time hours) your multiple would accrue at a rate of 0.108 per year (60% x 0.18) while you are working part-time, instead of the 0.18 you would receive each year working full time.

Contribution plus earnings calculation

Using the contributions plus earnings calculation, your benefit is calculated based on the contributions you and your employer have made to the fund plus or minus investment returns, less tax, fees and insurance costs.

Examples

Bob

Bob joined the Defined Benefit Fund on 1 January 1987 and retired at age 65 on 31 December 2008. He worked full-time and did not make any voluntary contributions or transfer other super to Brighter Super.

Bob's multiple

22 years x 0.18	**= 3.96**

Bob's final average salary

1 July 2008	$47,500
1 January 2008	$42,500
31 December 2005 (based on 1 July 2005)	$40,000

184/365 days x $47,500	= $23,945
+181/365 x $42,500	= $21,075
Final average salary	**= $45,020**

This does not exceed 120% of the $40,000 from 3 years prior to retirement ($48,000)

Bob's multiple of salary calculation

3.96 x $45,020	**= $178,279**

Bob would have received a benefit of $178,279 on retirement, unless his contributions plus earnings calculation was higher at that time.

William

William joined the Defined Benefit Fund on 31 March 1998 and retired at age 60 on 31 March 2010. He worked full-time and did not make any voluntary contributions or transfer other super to Brighter Super.

William's multiple

12 years x 0.18	**= 2.16**

William's salary history

1 January 2010	$160,000
1 July 2009	$145,000
1 January 2009	$140,000
1 July 2008	$130,000
1 January 2008	$127,000
1 July 2007	$120,000
1 January 2007	$100,000

William's final average salary

90/365 days x $160,000	= $39,452
+ 184/365 days x $145,000	= $73,095
+91/365 days x $140,000	= $34,904
Final average salary	**$147,451**

However, William's salary 3 years prior to retirement was $100,000. The capping at 120% of this amount is $120,000.

In this situation, the third calculation of an average salary over the previous 3 years would take place. William's average salary over 3 years is $131,968 — higher than the $120,000 cap.

William's 3 year average annual salary of $131,968 applies.

William's multiple of salary calculation

2.16 x $131,968	**= $285,050**

William would have received a benefit of $285,050 on retirement, unless his contribution plus earnings calculation was higher at that time.

Isobel

Isobel has been working full-time for the past 17 years. She is considering working 2 days per week (15 hours) from 1 July 2015 for the next 2 years leading up to her retirement. She currently works full-time, and wants to know how this will affect her defined benefit.

Isobel's multiple

Multiple at 30 June 2015

17 years x 0.18	**= 3.06**

Multiple growth during part-time work (40%)

40% x 0.18	**= 0.072** per year

Multiple at 30 June 2017

3.06 + 2 years x 0.072	**= 3.204**

What benefit is payable on resignation before age 55?

If you resign from local government employment before age 55 you will receive the higher of your multiple of salary calculation and your contributions plus earnings calculation. In practice, calculations for the pre and post 1986 periods are compared separately and you will get the higher amount for each period. A third calculation also takes place to ensure your benefit is at least the minimum requisite benefit.

Multiple of salary calculation

The multiple of salary calculation is discounted by 2% for each year prior to 55. For example, if you resigned at age 45 (10 years short of the retirement age of 55), the discount would be 20% (10 x 2%).

The calculation for a member with an FAS of $50,000 who resigned at age 45 after 15 years of membership, would be:

$50,000 x 0.18 x 80% = $108,000

Contributions plus earnings calculation

The contributions plus earnings calculation for resignation is based on your standard member contributions (generally 6%) and the minimum level of employer contributions required to satisfy the superannuation guarantee (SG) legislation. SG contribution rates started at 4% in 1992 and have increased to the current rate of 11% from 1 July 2023. Your contributions plus earnings balance receives a smoothed earning rate from the Defined Benefit Fund. Contribution tax, fees and insurance premiums are deducted. Your contribution plus earnings balance is compared to your multiple times salary calculation and your benefit is the higher of the two calculations.

Minimum requisite benefit calculation

Your minimum requisite benefit is the minimum benefit amount you will receive when you leave the Defined Benefit Fund. It is compared to the multiple of salary and contributions plus earnings calculations and you receive the higher amount. A minimum requisite benefit consists of pre-1992 vested benefits (if applicable), employer superannuation guarantee contributions, member contributions (generally 6%) plus investment earnings at the minimum requisite benefit earning rate less contributions tax and insurance premiums.

You can access your super when you reach your preservation age and in some other situations. See the *Accessing your super* section on page 16.

What benefit is payable on failure of health?

Failure of health is defined as an injury or illness which, in our opinion, permanently incapacitates you from carrying out your ordinary work with your employer, and any reasonably available and suitable alternative work with your employer, but does not constitute total and permanent disablement. You must be aged under 55 to be eligible for this benefit.

Your failure of health benefit is the amount of your retirement benefit that has built up in the fund as at the date of your failure of health retirement. It may be higher than your resignation benefit as no discounting applies. Unlike the TPD benefit, it does not include an insured amount based on future service through to your insured age. The benefit is paid into an Accumulation account.

What benefit is payable at normal retirement age (between ages 55–70)?

If you retire from local government employment after age 55 you will receive the higher of your multiple of salary calculation and your contributions plus earnings calculation. In practice, calculations for the pre and post 1986 periods are compared separately and you will get the higher amount for each period. A third calculation also takes place to ensure your benefit is at least the minimum requisite benefit.

Multiple of salary calculation

At retirement, the multiple of salary calculation is simply the multiple times FAS, without discounting. For example, if a member's FAS is $50,000 after a membership period of 15 years, the retirement benefit is:

$50,000 x 0.18 x 15 = $135,000

What benefit is payable on retirement after age 70?

The multiple of salary calculation stops at age 70 when it is compared with the contributions plus earnings equivalent (as per retirement 55–70) and minimum requisite benefit. The defined benefit at age 70 is then transferred to a Brighter Super Accumulation account. All subsequent contributions go to this Accumulation account.

The benefit at final retirement is simply the balance of your Accumulation account.

How do I read my annual benefit statement?

Your benefit is calculated for separate periods of membership, for example Pre-1986 benefit, Post-1986 benefit, Post-1992 benefit. These periods are based on the dates when changes occurred in the Defined Benefit Fund (e.g. contribution rates).

Your total defined benefit is the sum of the highest values (multiple of salary or contributions plus earnings) for each period of membership.

Final average salary	$43,215.00	Salary-based benefit	Contribution-based benefit	Highest value
Pre-1986 benefit	1.598 x FAS	$69,057.57	$87,956.13	$87,956.13
Post-1986 benefit	4.229 x FAS	$182,756.24	$182,097.46	$182,756.24
Total benefit				$270,712.37

Contributing to your super

Your defined benefit grows with the higher of a multiple times your salary, or with contributions and investment earnings.

Defined benefit contributions are generally from:

- your employer
- you.

Any other contributions add to your accumulation account and grow with investment earnings. These could be from:

- your employer
- you
- your partner
- the Australian Government, if you are eligible to receive the super co-contribution.

Employer contributions

Your employer generally contributes 12% of your salary to the Defined Benefit Fund. There may be some occasions when your employer is required to contribute more than 12% to ensure the Defined Benefit Fund remains in a satisfactory financial position.

Standard member contributions

You are required to contribute 6% of your salary in standard member contributions toward your defined benefit. Standard member contributions can be made from after-tax pay, or if your employer agrees, by salary sacrifice. See *Salary sacrifice* in this section for more information.

Personal contributions

Personal contributions are extra amounts that add to your accumulation account and grow if there are positive investment returns. They do not form part of your defined benefit.

For more information, refer to our *Accumulation account Product Disclosure Statement (PDS)* available at **brightersuper.com.au** or by calling us on **1800 444 396**.

Salary sacrifice

Salary sacrificing contributions is where your employer agrees to pay a certain amount of money into your super from your before-tax pay instead of paying that amount to you as salary. You can salary sacrifice your standard member contributions and/or extra contributions if your employer allows it.

Because your super contributions are taken from your before-tax salary you will not have to pay income tax on them. And if you're paying less income tax then you could receive an increase in your take home pay.

Salary sacrifice contributions are still subject to the 15% contributions tax (subject to contributions caps, see page 7, and higher income earners, see page 10) and are deducted at the time of contribution.

If you choose to salary sacrifice your standard member contribution, it increases from 6% to just over 7% so that a full 6% is left to fund your defined benefit after the deduction of the 15% contributions tax.

Super co-contributions

Depending on your income the super co-contribution is an incentive offered by the Australian Government to encourage you to save for retirement.

Here's how it works.

The government will contribute up to 50 cents for each $1 you contribute to super, if you are employed and your total income is less than the limit set each year. The maximum co-contribution is $500 each year. The 6% standard member contribution may be eligible for the co-contribution if paid from your after-tax salary.

Salary sacrificed contributions or personal contributions for which you claim a tax deduction do not attract the co-contribution.

For more information on this government incentive, including current limits, refer to the *Super support for low and middle-income earners info sheet* from our website or call us. You can also find out more from the Australian Taxation Office website at **ato.gov.au**.

Spouse contributions

You can contribute to Brighter Super on behalf of your partner or have your partner contribute to your account, so long as you are living together and the receiving spouse is under age 67 (in some cases up to age 75).

For more information, refer to our *Accumulation account Product Disclosure Statement (PDS)* available at **brightersuper.com.au** or by calling us on **1800 444 396.**

Contributions splitting

Any additional salary sacrifice contributions made to your accumulation account can be split with your spouse. You can do this once a year for contributions made in the previous financial year.

You are unable to split the 12% employer contribution or the standard member contribution as these go toward your defined benefit. For more information get a copy of our *Super for your partner info sheet*.

Contribution caps

There are limits on amounts that you and your employer can contribute to super each year.

Concessional (before-tax) contributions

The cap on concessional contributions (including employer contributions, any salary sacrifice contributions and personal contributions for which you claim a deduction) is $27,500 for the 2023/24 financial year. Contributions up to this limit are taxed at 15%, while amounts above it are taxed at your marginal tax rate (including the Medicare levy).

Special rules apply for members with a Defined Benefit account. A notional taxed contribution based on a formula prescribed in the *Income Tax Assessment Act 1997* counts toward your concessional cap.

This formula is generally:

NTCC = 1.2 x (NER x S x D/365 - M)

Where:

NER	is the New Entrant Rate, which is 13% if you make 5% compulsory member contributions or 14% if you make 6% compulsory member contributions;
S	is your superannuation salary on the first day of the financial year in which you had a defined benefit in Brighter Super;
D	is the number of days in the financial year that your defined benefit accrued;
M	is the amount of post-tax (non-concessional) standard member compulsory contributions you made to fund your defined benefit during the financial year. If you make your compulsory contribution via salary sacrifice for the entire financial year, M will be equal to nil.

The above calculation is modified if you work part-time, take extended leave without pay or where there is a change in your defined benefit. To find out how we calculate your notional taxed contributions, please call us.

Also, if you salary sacrifice additional amounts, these will be added to your notional taxed contributions and you may exceed your concessional cap and be taxed at the higher rate. You should contact Brighter Super for further information.

Additional contributions tax may apply to concessional contributions for high income earners.

Refund of excess concessional contributions

If you exceed your cap you can elect to withdraw your excess contributions from super. The ATO will contact you to explain your options. If you are likely to exceed the cap you should talk to us on **1800 444 396** or seek advice from a financial adviser.

Non-concessional (after-tax) contributions

Non-concessional contributions (including 6% standard member contributions and personal contributions not salary sacrificed or claimed as a tax deduction) are capped at $110,000 for the 2023/24 financial year. If you are under age 74 you can make larger payments of up to $330,000 by using your cap for up to 3 years.

For the 2023/24 financial year, the amount of the non-concessional contributions cap you can bring forward is either:

- ✓ three times the annual non-concessional contributions cap over three years (that is, $330,000) if your total super balance on 30 June of the previous financial year is less than $1.68 million
- ✓ two times the annual cap over two years (that is, $220,000) if your total super balance on 30 June of the previous financial year is above $1.68 million and less than $1.79 million
- ✓ nil ($0) if your total super balance is $1.9 million or above.

Members of the Defined Benefit Fund have a set investment strategy for their Defined Benefit.

Defined Benefit fund

STRATEGIC ASSET ALLOCATION & RANGES

	SAA %	RANGES %
Australian shares	9	0 - 27
International shares	11.5	0 - 27
Private equity	7.5	0 - 20
Property	15	0 - 20
Infrastructure	10	0 - 20
Diversifying strategies	5	0 - 20
Diversified fixed interest	35	0 - 50
Cash	7	0 - 20

RETURN TARGET[1]

Return target is to achieve AWOTE[2] +1.5% over rolling ten-year periods.

RISK

Your employer bears the investment risk.

RETURNS

Past performance is not an indicator of future performance. Returns are at 30 June.

	Investment	Accum Comparison Rate
2023	5.45%	8.23%
2022	-2.91%	5.30%
2021	7.73%	11.14%
2020	1.61%	8.76%
2019	6.71%	7.00%
2018	8.14%	7.44%
2017	6.91%	6.38%
2016	4.12%	5.60%
3 Yr avg (% p.a.)	3.32%	8.20%

[1] Returns are net of administration fees, investment fees and taxes for a representative member.
[2] Average Weekly Ordinary Times Earnings (AWOTE) for full-time adult employees, Proxy for salary growth.

Asset allocation

The asset allocation ranges are the minimum and maximum amounts we can invest in each asset class. The strategic asset allocations may change from time to time as we adjust our outlook for the economy and investment markets. The strategic asset allocations are current as at the date of the publication and updated information can be found on our website.

Closing your defined benefit

When we are notified by your employer that you have ceased working with them, we will close your Defined Benefit account effective the date you ceased employment and convert it to an Accumulation account. We will send you a letter that clearly explains what will happen to your money and the timeframes involved after we are notified of you ceasing employment. We briefly discuss this process below.

Your defined benefit

When your defined benefit account is closed, the defined benefit component is calculated as at the date you ceased employment. The resulting balance is then transferred to an Accumulation account with any other accumulation money you have (see below) and the entire balance will grow with investment returns (note returns can be positive or negative) and any other contributions we may receive for you in future.

Your accumulation money

When your defined benefit account closes any accumulation money you have will be transferred to an Accumulation account with your defined benefit money and invested as below:

- If you have previously made an investment choice for your accumulation money, it will stay invested as it was immediately prior to the transfer.
- If you have not previously made an investment choice for your accumulation money, it will be invested in the MySuper option from the day we open your Accumulation account.

If you make an investment switch any time after closing your defined benefit it will apply to all money in your accumulation account including the former defined benefit money that is initially invested in the Cash option.

For further information about risks and benefits of the Accumulation account, please see our *Accumulation account Product Disclosure Statement* available at **brightersuper.com.au**.

How super is taxed

Super contributions and earnings are taxed at a maximum rate of 15%, which is generally lower than the tax applied to investments held outside super.

Although super is subject to tax on earnings and some contributions, it remains the most tax-effective way to save for your retirement.

To avoid paying more tax than you need to though, you should make sure:

- you and your employer do not exceed the concessional (before-tax) cap or non-concessional (after-tax) cap on contributions. Amounts above the cap are taxed at much higher rates. Read the *Contribution caps* section on page 7 for more information.
- you or your employer provide your tax file number (TFN) to Brighter Super. Without your TFN, Brighter Super is required to tax deductible contributions at the top marginal tax rate of 47% including the Medicare levy. You could claim this extra tax back by providing your TFN to Brighter Super within 4 years, but it's best to make sure we have your TFN in the first place. In addition, without your TFN we are unable to accept non-concessional (after-tax) contributions.

Claiming a tax deduction for superannuation contributions

You can generally claim a tax deduction for personal after-tax contributions you make. However, if you have a Defined Benefit account you will not be able to claim a tax deduction on your compulsory member contributions made from your after-tax salary.

We recommend you seek taxation and financial advice before making a decision. Please contact your financial adviser to discuss however, if you do not have an adviser and would like to obtain financial advice, please call us on 1800 444 396.

Contributions tax

All money paid into your super for which a tax deduction is claimed is taxed at 15%. This is known as the contributions tax and also applies to contributions you make from your before-tax pay (salary sacrifice) or personal contributions for which you claim a deduction. The contributions tax is deducted directly from your Brighter Super account. If you do not give us your tax file number your contributions will be taxed at the top marginal rate of 47% including the Medicare levy. Excess concessional contributions will be taxed at your marginal tax rate plus an interest charge. You can read more on page 7.

The money you put into your super from your after-tax earnings for which you do not claim a deduction does not incur the contributions tax. Additional tax will not apply as long as you do not exceed the non-concessional contribution cap.

Higher income earners and concessional contributions

If your total income is more than $250,000, an additional 15% tax on concessional contributions applies. Income is defined in a similar way to that for Medicare levy surcharge purposes. If your income is below the $250,000 threshold before your concessional contributions, but your concessional contributions push you over the threshold, the 15% tax will only apply to the contributions above the threshold.

Investment earnings tax

The money put into your super account is invested. Income from investment returns is taxed at 15%. However, the effective tax rate may be lower because of allowable deductions, tax credits and offsets. The investment earnings you receive are the amount after the deduction of tax on investment income.

Tax on lump sum withdrawals

Any lump sum you withdraw from Brighter Super is generally made up of two components — tax-free and taxable. Withdrawals will be drawn proportionally from each component.

Tax-free

The tax-free component is always tax-free and includes any pre-July 1983 component at 30 June 2007 and all after-tax contributions paid in after 1 July 2007, such as:

- super co-contribution
- spouse contributions received
- personal contributions for which no tax deduction has been claimed
- any tax-free components of money transferred from other super funds to Brighter Super
- any tax-free components of eligible termination payments transferred to Brighter Super
- any amounts that are tax-free as a result of Total and Permanent Disability or Terminal Illness
- capital gains tax tax-exempt contributions (lifetime limit).

Taxable

The rest of your money is called the taxable component, and generally grows with:

- employer and salary sacrifice contributions
- personal contributions for which a tax deduction has been claimed
- investment earnings.

Your taxable component is taxed as follows, depending on your age when you make a withdrawal. To find out your preservation age, see *Accessing your super* on page 16.

Your age	Taxable component
Under preservation age	Taxed at 22% including the Medicare levy.
Reached preservation age but below 60	First $235,000 tax-free (2023/24). Amounts above taxed at 17% including the Medicare levy.
60 plus	Tax-free.

Tax on disability or terminal illness

If you suffer a Total and Permanent Disability before the age of 60, an additional portion of your benefit will become tax-free.

If you become terminally ill, your full benefit will be tax-free.

Tax on death benefits

Death benefits are tax-free if paid to a dependant as defined by the ATO. Your spouse (married, de facto or same sex partner), child under the age of 18 years (including step-children and adopted children), anyone who is financially dependent on you at the time you die and those in an interdependent relationship are considered dependants for tax purposes. If your Death benefit is paid to anyone else, the taxable component will be taxed at 17% including the Medicare levy and any untaxed component taxed at 32% including the Medicare levy.

Insurance in your super

Brighter Super's insurance benefits can protect you, your family and your lifestyle against the unexpected, 24 hours a day, 7 days a week.

What am I covered for?

As a Defined Benefit account holder you are automatically covered for the below up to age 60 (or for some members, age 55). You may also elect to take out additional cover for Death and TPD or Income Protection insurance:

Type of cover	What is it?	How is it paid?
Death cover	A one-off, lump sum payment paid to your Brighter Super account when you die. You are not entitled to default Death and TPD cover if you have previously been paid, entitled to be paid or are in the process of claiming a total and permanent disability or terminal illness benefit.	• A lump sum as part of your Death benefit • Generally paid to your dependants • It will be paid to your nominated beneficiaries if you have a valid binding death benefit nomination
Terminal Illness cover	An early payment of the Death benefit, which pays a one-off lump sum to your Brighter Super account when you are diagnosed with a Terminal Illness that is likely to lead to your death within 12 months. Your Death benefit will be reduced by any Terminal Illness benefit you receive.	• A lump sum paid to you as a pre-payment of your Death benefit
Total and Permanent Disablement (TPD) cover	Pays a one-off lump sum to your Brighter Super account when you are Totally and Permanently Disabled due to sickness or injury. You are not entitled to default Death and TPD cover if you have previously been paid, entitled to be paid or are in the process of claiming a total and permanent disability or terminal illness benefit.	• A lump sum paid to you as part of your TPD benefit
Total and Temporary Disablement cover	A benefit up to 12.5% p.a. of your TPD benefit paid to you for up to 2 years to replace part of your income if you become Totally or Partially Disabled due to sickness or injury. Benefits are payable monthly after a 90 day waiting period.	• Paid into your nominated bank account each month

Death, Total and Permanent Disablement (TPD) cover

If you suffer total and permanent disability or die you or your beneficiaries will get a lump-sum insurance benefit on top of the amount of money you have in your Brighter Super account at the time a claim is made and accepted. This is not a savings plan — it's simply a way to protect you and your loved ones financially should the unexpected happen. A Death or TPD benefit is only paid once and the amount payable on TPD cannot be more than your Death benefit.

You would be considered to be totally and permanently disabled if you meet the relevant TPD definition in place at the time of your disablement.

Total and Permanent Disablement (TPD)

"Totally and Permanently Disabled", "Total and Permanent Disablement", "Total and Permanent Disability" or **"TPD"** means:

- you satisfy Part (1), (2) or (3) of the definition below; and
- as at the date of disablement and continuing since then, you are determined by the insurer to be permanently incapacitated solely as a result of injury or illness to such an extent as to render you unable ever to engage in any gainful occupation, business, profession or employment, for which you are, or may become, reasonably suited by education, training or experience. In making this determination, the insurer will consider any reasonable retraining.

Part 1: Unable to return to work

At the event date you were:

- not a casual and working for a minimum of 14.5 hours per week in the 6 consecutive months immediately prior to the event date; or
- not a casual and working for less than 6 consecutive months immediately prior to the event date but had worked for a minimum of 14.5 hours each week since commencing work and the event date; or
- not a casual and on employer approved paid or unpaid leave for no more than 24 months but had worked for a minimum of 14.5 hours each week in the 6 consecutive months immediately prior to the day you

commenced your employer approved paid or unpaid leave; or

- not a casual and on employer approved paid or unpaid leave for no more than 24 months but had worked for a minimum of 14.5 hours each week since commencing work and the day you commenced your employer approved paid or unpaid leave;

and as a result of injury or illness, you are totally unable to engage in any occupation, business, profession or employment for a period of 6 consecutive months since the event date.

Part 2: Everyday Working Activities (EWA)

As a result of injury or illness, you will be permanently unable to perform (with aids or adaptations) at least two of the following activities of daily work:

- Bending: the ability to bend, kneel or squat to pick something up from the floor and straighten up again; and the ability to get into and out of a standard sedan car;
- Communicating: the ability to:

    1. clearly hear with or without a hearing aid or alternative aid if required; and

    2. comprehend and express oneself by spoken or written language with clarity;

- Vision (distance vision): the ability to read, with visual aids, to the extent that an ophthalmologist can certify that:

    1. visual acuity is equal to, or better than, 6/48 in both eyes; or

    2. constriction is greater than within 20 degrees of fixation in the eye with the better vision;

- Walking: the ability to walk more than 200m on a level surface without stopping due to breathlessness, angina or severe pain elsewhere in the body;
- Lifting: the ability to lift from the ground an object weighing 5kg, carry it a distance of 10 metres, and place the item down at bench height;
- Manual dexterity: the ability, with reasonable precision and success, to:

    1. use at least one hand, its thumb and fingers, to manipulate small objects; or

    2. use a keyboard if you were required to use a keyboard in your previous job.

The permanent inability to perform the activities of daily work must have lasted for a continuous period of six months or more.

Part 3: Normal Domestic Duties

As a result of illness or injury, you are:

(a) Following the advice of a Medical practitioner in relation to the injury or illness for which you are claiming; and

(b) unable to perform Normal Domestic Duties for a period of six consecutive months since the event date; and

(c) as at the date of disablement:

(i) incapable of ever performing any Normal Domestic Duties; and

(ii) incapable of ever working in any gainful employment for which you are reasonably suited by education, training or experience.

Terminal Illness benefit

If you are diagnosed with a Terminal Illness that is likely to lead to your death within 12 months you may be eligible to have a benefit paid which is calculated in the same way as the TPD benefit. You would need to provide the appropriate verification of your condition and the likelihood that it will result in death within 12 months. You may be able to access your accumulation account balance if you have a medical condition that is likely to result in your death in the next 24 months. Please contact us to discuss your situation.

Total and Temporary Disablement (TTD)

If you are temporarily unable to work due to sickness or injury, you may be eligible for a Total and Temporary Disablement (TTD) benefit if you are working 14.5 or more hours per week on a permanent basis.

This benefit is calculated as 12.5% p.a. of your TPD benefit, subject to a maximum benefit of 75% of your superannuation salary and is paid as a monthly sum for up to 2 years. A 90 day waiting period applies.

If you are receiving worker's compensation, the TTD benefit is limited so that the benefit plus worker's compensation cannot exceed 75% of your total salary.

TTD cover ends at age 60, or for some members age 55 and when paid a TPD or Terminal Illness benefit, or when you cease employment with your employer under the Trust Deed. TTD benefits do not reduce your resignation or retirement benefits.

If your TTD benefit is not enough to meet your needs, or if you would like a shorter waiting period or cover up to age 65, you can apply for Income Protection cover.

A benefit will not be payable where the Total Disability or Partial Disability is caused wholly or partly, directly or indirectly, by:

- any deliberate self-inflected injury or attempted suicide while either sane or insane;
- uncomplicated pregnancy, childbirth or miscarriage;
- war which includes, but is not limited to:
  - declared or undeclared war, and armed aggression by one or more countries resisted by any country, combination of countries or international organisations; or
  - participation in an action to defend a country or region from civil disturbance or insurrection, or in an effort to maintain peace; or
- active service in the armed forces of any country or international organisation.

See the Brighter Super's *Insurance Guide - Local Government and Associates Industries* for the definition of Total Disability and Partial Disability.

Note: If you take out Income Protection cover you will forgo any Total and Temporary Disablement benefit you are entitled to receive.

How much cover do I get?

The benefit payable in the event of your death or TPD is calculated in two parts by reference to:

1. your 'past service' up to the date of your death or disablement. This part of the benefit is calculated in a similar way as your normal retirement benefit, except the most recent salary provided by your employer is used instead of FAS (see page 5).
2. your 'future service' from the date of your death or disablement up to age 60 (or for some members, age 55).

The total benefit payable equals the sum of the two parts.

For example, if a member was totally and permanently disabled at age 50 when their most recent salary was $50,000, the 'future service' benefit (payable in addition to the normal retirement benefit) would be $90,000 if they were covered to age 60 ($50,000 x 0.18 x 10).

Additional insurance cover

If the cover you automatically receive as part of your defined benefit is not enough for your circumstances you can apply for more cover.

You will need to become an Accumulation member with Brighter Super and have sufficient funds in your Accumulation account to pay for your premiums.

You will need to apply for this cover and the insurer will assess your application and may impose a medical exclusion or premium loading on any additional risk associated with providing you cover. You will be advised if this happens.

When does my Death and TPD insurance cover stop?

You are unable to cancel the Death and TPD cover provided as part of your Defined Benefit. Your cover will stop on the earlier of any of the following events:

- reaching your 60th birthday (or for a small number of members, 55th birthday)
- leave Brighter Super
- are paid a TPD benefit which is equal to your Death Benefit
- commence Active Service with the armed forces of any country (except if you are a member of the Defence Force Reserve, in which case, cover will cease only when you become the subject of a call-out order under the Defence Act (Cth) 1903
- no longer satisfy the eligibility requirements
- you die.

Are there any exclusions on my insurance?

In the event of war involving Australia, New Zealand or your country of residence, the insurer may exclude cover (not pay a claim) for any event that gives rise to a claim that is caused directly or indirectly, wholly or partially, by such a war.

No benefit will be paid for Total and Temporary Disablement where the disability is caused wholly or partly, directly or indirectly, by:

- any deliberate self-inflected injury or attempted suicide
- uncomplicated pregnancy, childbirth or miscarriage or
- Active Service in the armed forces of any country or international organisation.

What happens to my insurance cover when I leave the Defined Benefit Fund?

Any Death and TPD cover you have as part of your defined benefit will continue in your Accumulation account up to age 65. We do this by converting the dollar amount of cover to the next whole unit of Death and TPD cover (rounded up) as set out in the Insurance guide. Premiums will be deducted accordingly.

Your TTD cover will end upon leaving the Defined Benefit Fund.

Other important information

This guide aims to give you a comprehensive summary of the terms and conditions of your insurance cover. However all insurance benefits provided by Brighter Super are subject to the terms and conditions detailed in the Group Life and Group Income Protection policies Brighter Super has with our insurer.

Please contact us if you would like a copy of the policies.

Making a claim

We hope you never have to make a claim, but if the unthinkable does happen you can count on Brighter Super to process your application as quickly as possible. If you make a claim for Income Protection or Totally and Temporarily Disabled (TTD), but subsequently return to work and suffer a re-occurrence of the same disability within 6 months of the claim ending, your new claim will be considered a continuation of the earlier one.

This means you will not have to serve another waiting period, but the further period of disability will be seen as a continuation of the previous and count towards your 2-year benefit period. If you cease with your employer due to disability on or after 1 July 2011 you have 6 years from that date to lodge a claim for Total and Permanent Disablement, otherwise we cannot consider your claim. Any claim outside this period will be provided to the insurer for its own response. For more information, or to advise Brighter Super of a claim, phone us on **1800 444 396**.

How to make a claim
1. Contact us Call us on **1800 444 396** and we can help you understand the claim process and the steps required.
2. Provide information The next step is to supply some information so your claim can be assessed. The Insurer will contact you to discuss the documents required. Assessment of your claim cannot commence until all the requested documentation has been provided to the Insurer. If you are overseas and lodge a claim, the Insurer may require you to return to Australia at your expense for assessment of your claim.
3. Insurer review The Insurer will review the information they have received as quickly as possible, update you on the progress and let you know if they need anything else to assess your claim. Depending on your condition they may request further reports or medical examinations and may need to contact your employer or medical practitioner for further information.
4. Decision Based on the information provided, the Insurer will decide if they are satisfied that you meet the requirements set out in the policy. • For approved Income Protection claims, monthly payments are made by the Insurer directly into your nominated bank account. • For approved TPD and Terminal Illness claims, the Insurer will advise us of their decision on your claim. We will independently review your claim and contact you regarding the next steps. If your claim is declined, we will complete an independent review to ensure your claim has been fairly assessed. We will contact you with the outcome of our review and explain the reasons why your claim has been declined. If you disagree with the decision or are not happy with how your claim has been managed, you can ask for a review or lodge a complaint.

Do you need a lawyer?

It is entirely up to you, but before you make a decision you should consider that:

- We have a legal obligation to act in the best interests of our members;
- We will assist you throughout the claims process and having legal representation will not speed up the timeframe or payment of your claim;
- All claims are assessed fairly and reasonably, and most claims are paid;
- Legal fees and disbursements can be considerable so you should understand the costs involved and how they will impact your benefit payment.

If you need help, call us on **1800 444 396** and we will talk you through the process and help resolve any questions or concerns you may have.

Accessing your super

Retirement

You can access your super as a lump sum, pension or combination of these methods when you permanently retire after reaching your preservation age. Your preservation age is set by the Australian Government and is based on your date of birth.

What is my preservation age?

DATE OF BIRTH	PRESERVATION AGE
Before July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From July 1964 onwards	60

You are also able to access your super when:

- you reach age 60 and then stop work or change jobs, or
- you turn 65 (whether you are working or not).

Transition to retirement

Did you know you can access your superannuation as a regular income stream (but not as a lump sum) when you reach your preservation age, even if you are still working? Brighter Super offers a Transition to Retirement Pension account for members wanting to take advantage of the transition to retirement provisions. Special conditions apply for members of the Defined Benefit account. Contact us for more information or get a copy of our *Pension accounts Product Disclosure Statement (PDS)*.

Other limited circumstances

There are only a few situations where you can access your preserved superannuation before retirement. These are:

- death
- terminal illness
- total and permanent disability
- temporary residents permanently leaving Australia (excluding NZ residents)
- severe financial hardship, as defined by the Australian Government
- compassionate grounds, approved by Services Australia.

If you think any of these situations apply to you, contact Brighter Super for further information on accessing your super.

Non-preserved benefits

Some super contributions and investment earnings made before 1 July 1999 may be accessible before your preservation age. These amounts will be shown on your annual benefit statement as unrestricted non-preserved amounts that can be accessed now, or as restricted non-preserved amounts that can be accessed when you leave your employer.

If you choose to leave unrestricted non-preserved money with Brighter Super, or transfer some unrestricted money to Brighter Super from another super fund, it will always be accessible. However, if you choose to withdraw non-preserved money from your defined benefit (conditions apply), you will be required to close your defined benefit and transfer your remaining balance to an Accumulation account.

Family law and superannuation

Superannuation held by couples who have separated or divorced can be divided by agreement or court order. If you were to split your superannuation in this way, a separate account would be created for your former spouse, and they could then remain a member of Brighter Super or transfer this money to another fund. Contact us on **1800 444 396** for more information.

What happens to your super if you die?

Have you given any thought to what might happen to your superannuation benefit in the event of your death?

If you die, your superannuation and any insurance payable can help support your dependants. There are rules set out in the Fund's Trust Deed and in Australian Government legislation that allow us to pay death benefits.

Who you can nominate

You can nominate the following people as beneficiaries:

- Your spouse — married, de facto or same-sex partner.
- Your children — including step-children, adopted children, mature-age children or the child of a spouse.
- Someone in an interdependent relationship with you (someone who lives with you and shares a close personal relationship where one or both of you provide financial and domestic support, and personal care of the other).
- Your legal personal representative (i.e. Executor of your Will or the administrator of your Estate).
- Financial dependants (such as someone who relies on you financially).

Nominating who will receive your benefit

Before we pay a death benefit, Brighter Super will look at whether you have advised us who you would prefer to receive your money. You can do this in one of three ways:

- **Preferred beneficiary nomination -** this is not binding, meaning that we will have discretion to decide who will receive your Death benefit. Upon your death, we will consider your nomination but will take into account a range of other factors (such as the personal circumstances of your dependants) when making a decision about who will receive your benefit.
- **Binding death benefit nomination -** this is binding if a valid nomination. This means that we must pay your Death benefit to your nominated dependents or legal personal representative in accordance with your instructions, without taking into account any other factors. A binding death benefit nomination lapses after three years.
- **Non-lapsing death benefit nomination -** this is also binding if it is a valid nomination. We will pay your Death benefit in accordance with your instructions if we have consented to the nomination and it is still valid.

Tax implications for beneficiaries of a death benefit

There are different tax rules that apply to a death benefit paid from a superannuation fund, depending on whom the benefit is paid to or, where the benefit is paid to your estate, who benefits from the estate. Brighter Super recommends you seek financial advice regarding the treatment of your estate after your death. For more information on how death benefits are paid, visit our website or call us for a copy of our *Death benefits info sheet*.

Enquiries, concerns and complaints

Brighter Super is passionate about providing the trusted and reliable service you want. We do our best to look after your wellbeing with individual attention, personal advice and quick responses to your needs.

How do I get my questions answered?

Whatever your question, we can answer it. Simply visit our website at **brightersuper.com.au**, call us on **1800 444 396** or email **info@brightersuper.com.au**.

Our enquiries procedure

Note: Where 'member' is mentioned it includes a former member and/or a beneficiary who is not a member of Brighter Super.

Definition of enquiry

Request for information concerning a person's membership of the fund.

When a Brighter Super member makes an enquiry, the following action is taken:	
Verbal enquiry A verbal enquiry (telephone or face-to-face) will be answered immediately where possible. If further research is needed to answer your query, you will be contacted with a response by close of business the following day. In that case, an interim response will be given in the time frame outlined above, with an indication of when full details will be available.	**Written enquiry** A written enquiry will generally be answered within 2 business days from the date of receipt. If no answer is possible within this time, an interim response will be provided.

What do I do if I have a concern or complaint?

If you have a concern or if we do something you are unhappy about, we want you to tell us straight away so we can resolve the matter quickly.

Our complaints process

We hope you are happy with Brighter Super and the service we provide. If you are unhappy we have a complaints handling process. Contact details for our Complaints officer are:

Email	complaints@brightersuper.com.au
Phone	**1800 444 396**
Post	Complaints Officer Brighter Super GPO Box 264 Brisbane Qld 4001

If you believe our internal complaints process has not satisfactorily resolved your complaint, you can contact the Australian Financial Complaints Authority (AFCA). This is an independent body set up by the Australian Government to help members resolve certain types of complaints with fund trustees.

To find out whether AFCA is able to handle a complaint you can contact them on the details below.

Post	Australian Financial Complaints Authority GPO Box 3 MELBOURNE VIC 3001
Website	www.afca.org.au
Email	info@afca.org.au
Phone	1800 931 678

You can find out more on our procedures by downloading a copy of our *Enquiries, concerns and complaints info sheet* from our website or call us and we can post a free copy to you.

Privacy

Brighter Super respects the privacy of your personal information. You can find out how we use and protect your personal details by getting a copy of our *Privacy policy* from our website at **brightersuper.com.au**, or call us on **1800 444 396** and we will send you a paper copy.

right by your side

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