



How is your
super invested?

LGsuper one of
Australia's most
improved funds

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super
news



NOVEMBER 2009

How is your super invested?

Did you know that if you don't make a choice about how your super is invested, LGsuper will make the choice for you?

The investment option we choose for you is called the default investment option. The LGsuper Board of Directors continually monitors and reviews the default investment options applicable to LGsuper's various accounts to make sure they are best suited to the members who are invested in them.

Recently, the Board of Directors decided to make changes to some of the default options from 1 January 2010. The Board made this decision for two reasons:

- to provide all members with an appropriate balance of investment risk and return, depending on how close they are to retirement age
- to make use of the Growth Smoothed reserve fairer for all members invested in that option

If you have not made a choice about how your super is invested, the following tables show you how LGsuper currently invests your super, and how we will invest it from 1 January 2010:

Members under age 60 who have not made an investment choice

Account type	Default option for money received by LGsuper up to 31 December 2009	Default option for money received by LGsuper from 1 January 2010
Accumulation Benefits → Standard employer contributions → 6% standard member contributions	Growth Smoothed	Growth Smoothed
Accumulation Benefits → All other money including: – rollovers – voluntary contributions – co-contribution	Growth Smoothed	Growth
Retained Benefit accounts (after you finish local government employment) → opened before 1 January 2010 → opened after 31 December 2009	Balanced n/a	Balanced Growth
Spouse accounts → opened before 1 January 2010 → opened after 31 December 2009	Balanced n/a	Balanced Growth
Pension accounts	Balanced	Growth

Members aged 60 and over who have not made an investment choice

Account type	Default option for money received by LGsuper up to 31 December 2009	Default option for money received by LGsuper from 1 January 2010
Accumulation Benefits → Standard employer contributions → 6% standard member contributions	Growth Smoothed	Growth Smoothed
Accumulation Benefits → All other money including: – rollovers – voluntary contributions – co-contribution	Growth Smoothed	Balanced
Retained Benefit accounts (after you finish local government employment)	Balanced	Balanced
Spouse accounts	Balanced	Balanced
Pension accounts	Balanced	Balanced



What happens when I leave local government employment after 1 January 2010?

Accumulation monies invested in the Growth Smoothed option will be moved to the Growth option (if you are under age 60) or the Balanced option (if you are aged 60 or over) when we open a Retained Benefit account after you leave local government employment. You are unable to stay in the Growth Smoothed option.

What if I re-commence employment with local government after 1 January 2010?

Your existing balance at the date you re-commence employment with local government will stay in the investment option/s where it is already invested. Money received by LGsuper after you re-commence employment will be invested in the default options for the Accumulation Benefits Fund, as outlined in the tables opposite.

Of course, LGsuper understands that each member has their own unique situation and that these default options may not suit everyone. That's why we offer you investment choice. Investment choice enables you to change investment options for your existing super balance and/or money being paid into your super.

You can choose from seven investment options ranging from low risk/low return to high risk/high return. And, to give you even greater flexibility, you can select up to three (3) investment options at any one time, so you can tailor your investment to suit your situation.

Remember though, if you make an investment choice, you may not select the Growth Smoothed option. And, if you are currently invested in Growth Smoothed, you will forego this option entirely if you make an investment choice.

If you wish to change your current investment option, simply complete an *Investment switch form* and return it to LGsuper. Or, if you would like to discuss your investment strategy and options with us, please contact our Member Advice team on 1800 444 396.

Investment returns

Interim earning rates

Investment option

Accumulation accounts	3 months to 30/09/09 (%)	5-yr average to 30/06/09 (%p.a.)
High Growth	8.17	n/a
Growth Smoothed	5.51	5.31
Growth	8.22	4.52
Socially Responsible	9.97	n/a
Balanced	6.77	4.62
Conservative	4.84	4.70
Defensive	3.81	n/a
Cash	0.47	4.75
Pension accounts	3 months to 30/09/09 (%)	5-yr average to 30/06/09 (%p.a.)
High Growth	9.55	n/a
Growth Smoothed	6.90	5.24
Growth	9.60	4.42
Socially Responsible	11.79	n/a
Balanced	7.81	4.88
Conservative	5.45	5.20
Defensive	4.47	n/a
Cash	0.56	5.55
Defined Benefit Fund	3 months to 30/09/09 (%)	5-yr average to 30/06/09 (%p.a.)
Accumulation Comparison Rate	4.81	3.26

The High Growth, Socially Responsible and Defensive Options were introduced from 1/1/06. The Conservative option became available from 1/4/03.

Market update

At 30 September 2009

International shares

Global sharemarkets continued to rally through September with a 3% rise in the MSCI World Index ex Australia. This took asset class performance for the quarter to above 14%. Performance continued to be driven by the combination of a fall in the cost of capital and an improvement in the earnings outlook.

The UK and US markets gained 4.6% and 3.7% respectively. However, the relative outperformance of the Australian dollar diluted otherwise strong performance across developed market shares in September. Emerging market countries rallied through September and over the quarter emerging markets returned 16%.

Australian shares

The ASX200 performed strongly in September, rising 6.2%. This is the seventh consecutive rise for the index this calendar year. The index

climbed 19.9% in the quarter, ending 51% above the 2009 closing low that occurred on 6 March. This represents the best quarterly return for 20 years. Banks (+36%) led as investors became less concerned with loan losses provisioned against profits during the depths of the downturn.

Cash and fixed interest

Globally, bond yields fell during the quarter while, in contrast, Australian bond markets sold off sharply as the RBA moved first to a neutral bias and then to a tightening bias. Australian and global credit markets both produced another strong quarter of performance.

The AUD continued to rally, breaching US\$0.90, as the RBA became the first G20 central bank to raise interest rates in the past year. The USD and GBP underperformed, while emerging market and commodity currencies appreciated.

Source: QIC Limited.

LGsuper is a rising star!

LGsuper is proud to have been a finalist in the 2010 SuperRatings Rising Star Award. This award is presented to the most improved superannuation fund that has demonstrated a clear commitment to improving the value of their offering to members over the 2008/09 financial year.

Australian Government bank guarantee lifted

In November 2008, in order to protect members' capital against the fallout from the global financial crisis, the LGsuper Board of Directors decided to cover the fund's underlying cash investments with the Australian Government bank guarantee. The cost of the guarantee was 0.7% p.a. and this was deducted from the investment return for members who had all or part of their benefit invested in cash.

As markets have now stabilised, the Board of Directors has decided to lift the bank guarantee with effect from 7 October 2009. This means that the 0.7% p.a. cost will no longer apply to monies invested in cash.

Pre-retirement pensions for DBF members

Earlier this year we advised members of the Defined Benefits Fund (DBF) that they were temporarily unable to transfer their benefit to the Accumulation Benefits Fund in order to open an LGsuper Pre-retirement Pension account after age 55. This decision was made by the LGsuper Board of Directors due to unfavourable market conditions at the time, which had negatively impacted the fund.

The Board of Directors is pleased to advise, due to the improvement in market conditions, LGsuper Pre-retirement Pension accounts are once again available to members of the DBF.

Please note that if you transfer your defined benefit to an accumulation account you are unable to invest in the Growth Smoothed option, but you still have a range of investment options to choose from. If you do not make an investment choice your remaining balance, contributions and transfers from other super funds will be invested in the default option applying at that time. This is currently the Balanced option.

Remember, LGsuper is here to help you. Call our Member Advice team on 1800 444 396 to discuss your pension options. This service is provided to LGsuper members at no additional cost.





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Is your mailbox full?

Has your mailbox been flooded with super fund statements over the last few months? Well, why not do something about it today and transfer your other super to LGsuper.

If you have super all over the place, you could be paying more fees than you need to. Transferring your entire super to a low cost fund like LGsuper could mean you have more for your retirement.

Like industry funds and other public sector funds, all our profits are for members, and the fees we charge are among the lowest in Australia.

Simply complete a *Transfer form*, available from our website, for each super fund and we'll take care of the rest.

Merry Christmas

The LGsuper Board of Directors, management and staff would like to wish you and your family a merry Christmas and happy new year. Our office will continue to operate throughout the Christmas and new year period (excluding public holidays).

2010 seminars

Around 5000 LGsuper members have attended the ever-popular Retirement preparation, workplace and Investment update seminars this year. Our Member Advice team will be back on the road in 2010 so look for dates, times and locations on our website early next year.



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