vision super

LASF Defined benefit plan information booklet

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Vision Super Pty Ltd ABN 50 082 924 561, AFSL No. 225054, RSE Licence L0000239 ('the Trustee" or 'we' or 'us') is the Trustee of Local Authorities Superannuation Fund ("Vision Super' or "the Fund') ABN 24 496 637 884. The final authority on any issue relating to the Fund is the Trust Deed governing the Fund and the relevant provisions of the Commonwealth legislation.

Contents

1. About this booklet

This booklet covers the LASF DB plan, including the Deferred retirement benefit and the Lifetime pension arrangements.

The LASF DB plan is part of the Local Authorities Superannuation Fund (the Fund). The trustee of the Fund is Vision Super Pty Ltd (ABN 50 082 924 561), holder of Australian Financial Services License 225054.

This booklet is to help you understand how the LASF DB plan works, how your member entitlements are calculated and what options are available to you as a member.

About the fund

The Local Authorities Superannuation Fund is governed by the Local Authorities Superannuation Fund trust deed. This, together with the relevant laws, governs our relationship with you and sets out your rights as a member of the fund under the LASF DB plan.

You can find the trust deed on our website at **www.visionsuper.com.au/about/fund-details/** under the heading 'Governance (assets, members, trust deed)'.

Vision Super financial advice

Defined benefit schemes aren't common, and each one is different. We have more than 70 years' experience helping our members' manage their super. It can be hard to figure out which option suits you and your current situation best. You may wish to seek financial advice from a Vision Super financial planner to assist you.

Fees may apply depending on the type of advice you want. Before beginning any work, our financial planners will explain how much is payable and how it can be paid.

Get financial advice on your LASF DB benefit.

Book an appointment with one of our financial planners today:

www.visionsuper.com.au/book-an-appointment/

1300 300 820

memberservices@visionsuper.com.au

2. How does the LASF DB plan operate?

What is the LASF DB plan?

The LASF DB plan covers employees of local government bodies, certain water authorities and other government and semi-government authorities (Authorities) within Victoria.

The LASF DB plan has been closed to new members since 31 December 1993. Generally, only those employees who were employed by an Authority prior to 1 January 1994 and who have remained employed by an Authority since that date are members provided they were a member of the LASF DB plan at 31 December 1993.

Under the LASF DB plan, the participating Authorities have promised to pay you a specific amount based on criteria that is predetermined such as the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns, contributions and other transactions.

Generally, once you leave employment with an Authority and you are not re-employed by an Authority within two months of your departure, your membership of the LASF DB plan will cease and you will be eligible for a benefit. Special rules apply for members who are paid a retrenchment benefit (refer to page 5 for details).

You are required to make contributions to the LASF DB plan at a rate of 6% of your salary. You may make these contributions from your post tax salary or, with your employer's agreement, from your pre-tax salary.

In addition, you are able to make additional contributions (Additional benefits contract (ABC) contributions). The benefits provided by these contributions are additional to your other LASF DB benefits. The balance of your ABC account will change as a result of account transactions such as future ABC contributions and net investment returns (which may be positive or negative).

What happens when I leave employment?

Your employer will advise Vision Super of your departure and will:

> Confirm your exit date, salary at that time, hours of work (service fraction) and years of employment, and

> Advise the reasons for your departure (for example, retirement, retrenchment, disability, or resignation).

This might occur either before or after your actual departure date. When all the required information is received by Vision Super, we will calculate your benefit entitlements, write to you explaining the next steps and invite you to a call our Member Services team for further information or assistance.

How are my entitlements calculated?

As a member of the LASF DB plan, your LASF DB defined benefits are calculated using predetermined formulas. Your LASF DB benefits are not directly linked to contributions made for you and investment earnings. The formula used to calculate your benefit is generally:

Adjusted final salary x accrual rate x years of membership

The components in the formula may be slightly different, depending on:

> The reason for leaving your employment with an Authority

> The period to which your years of membership relates

> Whether you have ever worked part-time, or taken leave without pay, and

> Your age when you leave your employment with an Authority.

Years of membership

You are required to make contributions to the LASF DB plan. Your 'years of membership' refers to your length of time that you made contributions to the LASF DB plan. Membership is counted in years, with part years calculated daily.

Your years of membership will be adjusted for:

> Part-time employment?

Where you have worked part-time, your years of membership will be adjusted to reflect the proportion of full-time hours actually worked.

For example:

1 year at full time service = 1 year of membership

1 year working 50% of full-time hours = half a year of membership

> Leave without pay

Periods of leave without pay are generally excluded from your years of membership when calculating your benefits unless both member and employer contributions were maintained during your leave.

> Membership after age 65

Years of service after age 65 are not counted as years of membership for benefit calculation purposes.

> Maximum years of membership

The maximum number of years of membership is 40 years. No additional years of membership are counted for benefit calculation purposes once you reach 40 years of membership.

For the purpose of calculating death and disability benefits, the total years of membership (being your actual years of membership plus prospective years of membership to age 65) cannot exceed 40 years.

Accrual rate

This represents the rates at which your LASF DB benefits increase while you are an active member of the LASF DB plan.

Adjusted final salary

Your defined benefits are based on your 'adjusted final salary' (AFS). This reflects your underlying salary over the year immediately before your benefits became payable. If you have been paid your current salary for 12 months at the date of calculation, your current salary will be your AFS.

The trust deed defines AFS as the lesser of:

a. The salary of a member immediately before any benefits become payable to that member, or

b. The greater of:

  1. The member's average salary over the year immediately before the benefits become payable (or over any lesser period of time for which that person was a member), or

  2. The sum referred to in paragraph (1) multiplied by: $\frac{A + B}{2B}$

  where:

  A is the average weekly earnings index most recently published by the Australian Bureau of Statistics before the benefits become payable;

  and

  B is the average weekly earnings index published by the Australian Bureau of Statistics one year prior to the average weekly earnings index taken into account for A above.

Changes in your salary

If your salary is reduced (other than as a result of part-time employment) within 12 months prior to ceasing employment, the Trustee may use a 'notional salary' to calculate your LASF DB defined benefit. The objective of this provision is to ensure that the member is not disadvantaged retrospectively by a decrease in their superannuation salary.

3. Understanding your options when you can take your LASF DB benefits

The amount of your benefit depends on the reason why you left your employment. The reason why you left your employment may also impact on the choices you can make regarding the payment of your defined benefit.

Resignation benefit

A resignation benefit is calculated when you leave employment prior to age 55 and a retrenchment, disability, ill-health or death benefit is not payable.

Your resignation benefit is calculated in three parts:

1. For your years of membership prior to 1 July 1993 based on:
   Years of membership x AFS x 15%
2. For your years of membership after 1 July 1993 (excluding the five years immediately prior to resignation) based on:
   Years of membership x AFS x 13.5%
3. For your last five years of membership based on:
   Years of membership x AFS x 9%

Your resignation benefit is the sum of these three parts.

If you are eligible for a resignation benefit, you have the option of receiving an immediate benefit or a Deferred retirement benefit (refer below).

If you are over your preservation age (refer to page 17), you must take your benefit in cash or transfer it to another Vision Super product or to another super fund. However, if you are under your preservation age, you can only take the unrestricted non preserved benefit (if you have any). The balance must be transferred to another Vision Super product or another super fund.

If you do not choose to transfer your LASF DB defined benefit to be a Deferred retirement benefit or take all of it in cash (if you are eligible), you can transfer your defined benefit/the remainder of your defined benefit to another Vision Super product or transfer some/all of your defined benefit to another fund. If you transfer your benefit out of the LASF DB sub-plan, your benefit will become an account-based benefit.

Are you considering joining a new employer?

If you have been a non-casual employee and you are re-employed by any employer that participates in the LASF DB plan within two months of your employment termination date, you will not be entitled to receive or keep your resignation DB benefit from your termination. Your membership of the LASF DB plan will be deemed to be continuous and your new employer will be registered as your DB employer.

The break in your employment between your old and new DB employers will be treated as leave without pay when we calculate your defined benefit entitlements.

If your defined benefit has been paid to you or transferred for you and you recommence employment with a participating DB employer within two months of your termination, you will be required to refund all the monies paid/transferred for you, and pay interest on the benefit from the time you received it/the benefit was transferred. This rate is determined at the time you refund the money. This does not apply if you are aged 65 at the date of your resignation/retirement.

Retrenchment benefit

A DB retrenchment benefit is payable for you when we are advised by your employer that you have been retrenched and you are under the age of 55.

Your retrenchment benefit is calculated in two parts:

1. For your years of membership prior to 1 July 1993 based on:
   Years of membership x AFS x 21%
2. For years of membership on and after 1 July 1993 based on:
   Years of membership x AFS x 18.5%

Your retrenchment benefit is the sum of these two parts.

If you are over your preservation age (refer to page 17), you make take your benefit in cash. However, if you are under your preservation age, you can only take the unrestricted non preserved benefit (if you have any) in cash. The balance can be transferred to another Vision Super product or another super fund.

Re-employment of retrenched members

If you are under 55 years of age and were retrenched by a participating DB employer, and you are subsequently employed by another Authority within two years of being retrenched, you may rejoin the LASF DB plan. To do this, you must repay some or all of your LASF DB retrenchment benefit that you received/transferred following your retrenchment.

If you repay some or all of your LASF DB retrenchment benefits, the Trustee will credit you with the number of years of membership that the Fund Actuary considers appropriate based on the amount that you have repaid and the interest paid by you on the benefit from the time you received it/the benefit was transferred. This rate is determined at the time you refund the money.

Disability benefit

A disability benefit is payable if you have been forced to retire because of a serious illness or injury. Before the Trustee can determine if you are entitled to a disability benefit, the Trustee needs to obtain appropriate medical evidence. This will include reports from your own doctor and the Trustee's medical specialists.

Your disability benefit is calculated in three parts:

1. For your years of membership prior to 1 July 1993 based on:
   Years of membership x AFS x 21%
2. For your years of membership on and after 1 July 1993 up to the date of your disability based on:
   Years of membership x AFS x 18.5%
3. If you are under 60, for your years of membership from the date of your disability to your 60th birthday (ie. your prospective years of membership) based on:
   Years of membership x AFS x 21%

Your disability benefit is the sum of these three parts.

Where the Trustee approves a disability benefit for you, your disability benefits may be paid as a lump sum or as a series of discretionary payments as determined by the Trustee.

Temporary disability benefits

If the Trustee determines that a member who has applied for a disability benefit is likely to substantially recover from their injury, disease or infirmity, the Trustee may approve a temporary disability benefit. If this occurs, the benefit is 1/12th of the lump sum disability benefit and is paid in monthly installments. The benefit is payable for a maximum period of two years.

WorkCover

If you are eligible for (or are being paid) WorkCover payments, you should contact WorkSafe Victoria for further information about the receipt of disability and superannuation benefits. Their telephone number is **1800 136 089**.

Ill health benefit

You may leave your employment because you have a medical condition that is not a disability but is likely to get worse if you continue in your employment. If this occurs, an ill-health benefit may be payable at the Trustee's discretion.

Your ill-health benefit is calculated in two parts:

1. For your years of membership prior to 1 July 1993 based on:
   Years of membership x AFS x 21%
2. For your years of membership on and after 1 July 1993 based on:
   Years of membership x AFS x 18.5%

Your ill health benefit is the sum of these two parts.

Where the Trustee approves an ill-health benefit for you, your ill-health benefit is paid as a lump sum.

Terminal illness

In recognition of the financial stress that people with a terminal illness and their families generally experience, people who have a terminal medical condition are able to receive lump-sum super payments tax-free prior to their death.

You can contact the Member hotline on **1300 300 820** for more information.

Retirement benefits

Retirement benefits are payable when you terminate employment for non-medical reasons at or after age 55 (eg. you are 59 years old and resign from your employment).

Your retirement benefit is calculated in two parts:

1. For your years of membership prior to 1 July 1993 using the following formula:
   Years of membership x AFS x 21%
2. For your years of membership on and after 1 July 1993 using the following formula:
   Years of membership x AFS x 18.5%

Your total retirement benefit is the sum of these two parts.

There are a number of options available to you depending on the date you joined the fund. You may be able to:

> Transfer some/all of your DB retirement benefit to a Deferred retirement benefit within LASF DB plan
> Transfer some/all of your DB retirement benefit to another Vision Super product or to another superannuation fund
> Take some/all of your DB retirement benefit in cash, and
> Start a LASF DB Lifetime pension with up to 50% of your DB retirement benefit (if you are eligible to take a DB Lifetime benefit).

If you joined the Fund before 25 May 1988 and you retire at or after age 55, you can convert up to 50% of your DB retirement benefit to a LASF DB Lifetime pension. You can choose to invest the balance of your benefit into one of our other products or another fund. This may include an account-based pension. If you have satisfied the preservation rules (see below), you may also take some/all the balance in cash.

If you joined the Fund after 25 May 1988, you are not eligible to take a Lifetime pension. However, you can choose to use your lump sum retirement benefit to invest in Vision Super's other products (such as Vision Personal or Vision Super Account-based pension) or another fund.

However, you will not have access to your preserved benefits within the LASF DB plan until you satisfy a condition of release (for example: retire and reach your preservation age which is between 55 and 60, depending on your date of birth).

If you are eligible to take a LASF DB Lifetime pension, you cannot use any ABC benefits (refer below) that you have to start that pension.

4. Deferred retirement benefit

What is a deferred retirement benefit

You can elect to establish a Deferred retirement benefit account if you terminate employment for non-medical reasons prior to age 55. There are two types of Deferred retirement benefits (refer below).

Regardless of what deferred retirement benefit you choose, a LASF Deferred retirement benefit account is established in your name and your accrued retirement benefit is credited to this account.

The amount used to open your Deferred retirement benefit is calculated in two parts:

1. For years of membership prior to 1 July 1993 based on:
   Years of membership x AFS x 21%
2. For years of membership on and after 1 July 1993 based on::
   Years of membership x AFS x 18.5%.

The amount used to open your Deferred retirement benefit is the sum of these two parts. This is equal to your accrued retirement benefit at the time your Deferred retirement benefit is opened.

Your Deferred retirement benefit operates in the same way as an account-based benefit whereby you are generally paid the value of your account. The value of your account is the sum of the amount used to open your Deferred retirement benefit plus/minus the net investment returns on the investment options that your account is invested in and any fees and costs deducted from your account.

It should be noted that you cannot add any contributions (including your ABC contribution account (if any)) or rollovers to your Deferred retirement benefit and you cannot make lump sum withdrawals from the account.

There may be circumstances where you are paid an amount which is greater than your Deferred retirement benefit account. This minimum benefit amount acts like a safety net for your Deferred retirement benefits.

If you choose a Deferred retirement benefit, you can choose an 'old deferred retirement benefit' or a 'new deferred retirement benefit'. This difference between these benefits relates to the investment of your benefits.

Old deferred retirement benefit

The Old Deferred retirement benefit is invested in the Fund's cash investment option. This is the same cash investment option our superannuation account-based members are invested in. The value of your Old Deferred retirement benefit may move up and down over time depending on the investment performance of the cash investment option. If you choose this option, you cannot make investment choices. Your benefit can only be invested in the cash investment option. However, you can move to the New Deferred retirement benefit at any time by making an investment choice.

More information about Vision Super's cash investment option is set out in our additional guide titled **5. How we invest your money – additional guide**. You should read the important information in this guide before making a decision. You can also refer to the Vision Super investments section on our website at **www.visionsuper.com.au/invest/investment-options/** for more detail about the investment options you may choose. Past performance is no indication of future performance.

New deferred retirement benefit

Unlike the Old Deferred retirement benefit, you can choose the investment option(s) your New Deferred retirement benefit is invested in. This means that you can choose from one, or more, of the Fund's premixed or single sector investment options. Your New Deferred retirement benefit may go up and down over time, depending on the investment option(s) you have chosen. If your chosen investment option(s) have a positive investment return in any particular period, your accumulated benefit will increase. If your chosen investment option(s) have a negative investment return in any particular period, your New Deferred retirement benefit will decrease.

More information about Vision Super's investment options is set out in our additional guide titled **5. How we invest your money – additional guide**. You should read the important information in this guide before making a decision. You can also refer to the Vision Super investments section on our website at **www.visionsuper.com.au/invest/investment-options/** for more detail about the investment options you may choose. Past performance is no indication of future performance.

Additional Benefit Contract (ABC) contributions

If you were making Additional Benefit Contract (ABC) contributions to your LASF DB benefit, that amount cannot be transferred to your Deferred retirement benefit account but may be transferred to your Vision Super Saver account, a Vision Super Personal account or another fund.

If you wish to transfer your ABC contributions to another Vision Super account, please call our Member hotline on **1300 300 820** to request a copy of the Vision Super Saver PDS or the Vision Personal PDS.

You can also go to **visionsuper.com.au** to join online.

Making additional contributions if you have a the LASF Deferred retirement benefit

You cannot add to your LASF Deferred retirement benefit account, either by way of cash contributions or rollovers from other funds.

However, you can make additional contributions to either a Vision Super Saver account or a Vision Personal account.

If you wish to make additional contributions, please call our Member hotline on **1300 300 820** to request a copy of the Vision Super Saver PDS or the Vision Personal PDS.

If you wish to join Vision Personal, you can also go to **visionsuper.com.au** to join online.

Re-employment with a participating Authority

If you are re-employed by an Authority within two months of your resignation, you will continue as a LASF DB plan member, and therefore will not be eligible to join the LASF Deferred retirement benefit arrangement.

Any amounts which have been transferred to the LASF Deferred retirement benefit arrangement will be transferred back to the general LASF DB sub-plan.

Any defined benefit paid to you must be refunded.

If you resign subsequently after your re-employment and you are still under age 55, you will be eligible to join the LASF Deferred retirement benefit arrangement at that time.

Accessing your LASF Deferred retirement benefit

Your LASF Deferred retirement benefit is not payable prior to age 55. It is accessible from age 55 subject to the preservation rules (refer below).

Your LASF Deferred retirement benefit can be paid in the following circumstances:

> **When you reach your preservation age** – a LASF Deferred retirement benefit is payable when you reach your preservation age. Your preservation age is between 55-60 depending on your date of birth. Your LASF Deferred retirement benefit can be transferred to another Vision Super product or to another fund. In some circumstances, you may be entitled to a LASF DB Lifetime pension. If you have not met your preservation age, you are only able to access any unrestricted non preserved benefit you may have.

> **If you are totally and permanently disabled** – a disability benefit can be paid subject to trustee approval and is generally equal to your account balance. There is no insurance component.

> **If you die** – in the event of your death, your account balance is payable to your legal personal representative. There is no insurance component.

5. LASF DB plan death and disability benefits

As a LASF Defined benefit member, no insurance premiums are deducted from your defined benefit.

You have both death and disability cover while you are an active DB member.

You should remember that for disability benefits, 'years of membership' includes prospective years of membership, from the date of disability to age 60.

You should also note that if your disability occurs at or after age 60, years of membership is calculated to the actual date of disability.

Making a disability claim

The trust deed sets out the terms and conditions relating to disability claims.

You must apply for a disability benefit prior to, or within six months of, your employment ceasing.

To lodge a claim, you will be required to complete an Application for disability benefits form plus medical and employer authority forms.

A comprehensive medical report by your treating doctor is also required. The cost of this report is your responsibility.

The forms that we require you to complete are available by calling our Member hotline on **1300 300 820**.

Please refer to the trust deed for further terms and conditions.

Death and disability benefits on termination

While you are an active member of the LASF DB plan, you are covered for death and disability benefits 24 hours a day.

However, you need to be aware that you no longer have death and disability cover once you have terminated employment with an Authority. You may therefore wish to seek alternative cover.

6. Death benefit

In the event of your death, your LASF DB death benefits (including any ABC contributions) are paid to your legal personal representative. The payment of the insured component of the death benefit is subject to acceptance of any insurance claim by the Trustee.

The LASF DB death benefit is calculated as follows:

1. For years of membership prior to 1 July 1993 based on:
   Years of membership x AFS x 21%
2. For years of membership on and after 1 July 1993 based on:
   Years of membership x AFS x 21%.

For LASF DB death benefits, 'years of membership' includes prospective years of membership, from date of death to age 60.

You should also note that for death at or after age 60, your years of membership is calculated only to the actual date of death.

7. LASF DB Lifetime pension

If you joined the Fund before 25 May 1988, you are eligible to take a LASF DB Lifetime pension on either voluntary retirement at or after age 55, or total and permanent disability.

If you take the LASF DB Lifetime pension because of voluntary retirement, the LASF DB Lifetime pension is payable for your life, and for the life of a qualifying spouse after your death (generally at a reduced rate). The LASF DB Lifetime pension is also fully indexed to CPI (the consumer price index, used to estimate inflation).

If you are receiving a LASF DB Lifetime pension because you are disabled, the LASF DB Lifetime Disability pension payments may be discontinued if the Trustee determines that you are no longer disabled. The LASF DB Lifetime Disability pension is also fully indexed to CPI (the consumer price index, used to estimate inflation).

You need to be aware that:

> On your death, or the death of your qualifying spouse, there is no lump sum amount payable from your Lifetime pension (ie. there is no residual capital value) except in limited circumstances (see below), and

> The amount you and any qualifying spouse receive as pension payments throughout your lifetime(s) may be more or less than the amount of the lump sum benefit you could have received in lieu of the Lifetime pension depending upon how long your live after your lifetime pension commences.

Example:

Greg has retired at age 63. Both he and his wife Lily are in excellent health, and Greg chooses to convert 50% of his benefit to a Lifetime pension. The amount converted is $200,000 and his Lifetime pension commences at $16,393 a year.

Two years after he starts being paid a Lifetime pension, Greg and Lily are both killed in a car accident. The total Lifetime pension paid to Greg at the date of death is $35,000. No further funds are payable from Greg's Lifetime pension to his estate, even though only $35,000 of the original $200,000 Greg invested has been paid.

If Greg had received a pension for 15 years prior to the accident he would have received over $245,000 in pension payments meaning he would have received more than his original investment.

Eligibility for the LASF DB Lifetime pension

You are eligible to convert up to 50% of your lump sum benefit from the LASF DB plan to a LASF DB Lifetime pension if all of the following apply:

> You are a member of the LASF DB plan or LASF DB Deferred benefit arrangement

> Your LASF DB plan membership started on or before 25 May 1988, and

> You ceased your LASF DB plan or Deferred retirement membership at or after age 55, or on account of approved total and permanent disability.

Benefits in your additional benefit contract (ABC) account, Vision Super Saver or Vision Personal account cannot be converted to a LASF DB Lifetime pension.

How does the LASF DB Lifetime pension work?

If you have a LASF DB Lifetime pension, you will be paid a regular fortnightly amount throughout your life, and, if you die before your spouse, it will be paid at a reduced rate (normally two thirds) to your spouse for the rest of their life.

How is the retirement pension calculated?

Your fortnightly payment is calculated as follows:

$$\frac{\text{Amount of lump sum converted to the Lifetime pension}}{\text{Pension conversion factor}} \div 26$$

The pension conversion factor depends on your age at the date you start your pension. Your age will be calculated in years and completed months. The table below shows the pension conversion factor from age 55 to age 65.

Age at commencement	Pension conversion factor
55	13.6
56	13.4
57	13.2
58	13.0
59	12.8
60	12.6
61	12.4
62	12.3
63	12.2
64	12.1
65	12.0

Example:

Ziggy has retired at age 60 years and six months. His full lump sum benefit from the LASF DB Defined benefit plan is $300,000. He can convert up to 50% of his lump sum benefit to a pension. He elects to convert 35% of his lump sum to a pension. $105,000 of his LASF DB lump sum benefit will be used to purchase a LASF DB Lifetime pension.

To calculate Ziggy's fortnightly LASF DB Lifetime pension it is necessary to first calculate the pension conversion factor. The pension conversion factor for age 60 is 12.6, and for age 61 is 12.4. Since Ziggy is 60 years and six months, his pension conversion factor is calculated as follows:

$$12.6 - [(12.6 - 12.4) \times 6/12] = 12.5$$

Ziggy's fortnightly pension is calculated as follows:

$$\frac{\$300{,}000 \times 35\%}{12.5} \div 26 = \$323.08$$

Refund of 'pension contributions' on death

Some of the contributions you paid during your membership of the Fund are deemed to be 'pension contributions'.

If you and your eligible spouse have died and the total amount of pension paid at the relevant date of death is less than your pension contributions, the remainder of your pension contributions will be paid to your legal personal representative as a lump sum.

Payment of the LASF DB Lifetime pension

The LASF DB Lifetime pension is paid fortnightly, every second Wednesday. It can only be paid via direct credit to your personal account with a bank or other financial institution within Australia.

Indexation

The LASF DB Lifetime pension is indexed using the consumer price index (CPI) from the first payment in June and December each year, subject to a six-month qualifying period. Spouse and child pensions are also indexed to CPI. Where the CPI is negative, your pension will not be reduced to reflect the decrease in the CPI. However, your fortnightly pension will only increase when the net movement in the CPI index from the date of the decrease is positive.

Benefits on death

On your death, a LASF DB Lifetime pension will be payable to your spouse or dependent children.

Your spouse's pension

On your death, a LASF DB Lifetime pension will be payable for the life of your spouse, provided that person qualifies as a spouse. No further pension is payable after the death of your spouse.

Generally, the spouse pension is equal to two-thirds of the deceased member's pension at the date of death.

The definition of 'spouse' in the trust deed has the same meaning as in the superannuation legislation, which is:

a. Another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a state or territory prescribed for the purposes of Section 2E of the Acts Interpretation Act 1901 as a kind of relationship prescribed for the purposes of that section; and

b. Another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

Additional requirements

A person is an eligible spouse if they became the deceased pensioner's spouse prior to the deceased pensioner's retirement, whether that retirement was due to disability, or voluntary. If the spouse became a spouse after the deceased pensioner's retirement, they will not qualify, unless:

- In the case of a disability pensioner, the spouse became the spouse of the pensioner before the pensioner turned 60 years of age, or
- The spouse has been the spouse of the deceased pensioner for more than three continuous years prior to the pensioner's death.

  If the spouse qualifies for a spouse pension under this condition and is more than five years younger than the deceased pensioner, the amount of the spouse pension will be reduced, based on actuarial advice.

Dependent child's pension

If you have retired due to age or disability and you have dependent children, a LASF DB pension is payable to your dependent children if you die while they are still dependent and below a certain age. The pension is paid while the child under 18 years old and will continue to be paid up to age 25 if they continue full-time study at a recognised educational institution.

Commutation at age 70

'Commutation' of a pension means that you can convert the pension back to a lump sum.

You can commute 30% of your LASF DB Lifetime pension to a lump sum when you reach age 70. You will be given information about this option as you approach your 70th birthday. Apart from the age 70 commutation, you cannot receive a lump sum benefit from your LASF DB Lifetime pension.

Where you commute your LASF DB Lifetime pension at age 70, the amount of your fortnightly pension payments will be adjusted to reflect the commutation.

Re-employment with an Authority

If you are re-employed by an Authority, your LASF DB Lifetime pension may be reduced or suspended so that the total you receive from your LASF DB Lifetime pension and your employment does not exceed the current equivalent of your salary on retirement.

Rehabilitation of disability pensioner

If you are a disability pensioner and the Trustee determines that you are no longer suffering from a disability, your LASF DB Lifetime disability pension may be reduced, suspended or discontinued.

8. Other important information

LASF DB additional benefit contract (ABC) benefits

The LASF DB additional benefit contract (ABC) benefits is a 'top-up' by the LASF DB plan members who wish to contribute extra to their superannuation savings. The ABC benefits are a separate arrangement and work like an accumulation account.

Any LASF DB member can apply for an ABC account. Your ABC contributions (if any) are paid as an additional percentage of salary starting at 1%.

ABC contributions may be paid either as salary-sacrifice contributions or as contributions from your after-tax salary. These contributions are invoiced to your employer for payment on a quarterly basis and you can start or cease these contributions at any time. However, the amount of your ABC contributions must always be a percentage of your salary.

ABC accounts are not subject to direct fees (eg. administration fees). All direct fees are met by the LASF DB plan. Investment returns are net of tax on investment earnings, the reserving margin (if any), and all investment fees and costs, including transaction costs.

Your ABC account is in addition to your LASF DB benefit. You have limited investment choice for your ABC account. Your ABC account is invested in the super Cash investment option when we open the account for you. You have the choice to stay in this option or you can choose to transfer to the super Balanced growth investment option. Once you have elected to transfer to the super Balanced growth investment option, you cannot revert back to the super Cash investment option.

Please refer to the Vision Super investments section on our website at **www.visionsuper.com.au/invest/investment-options** for more detail about the above investment options.

Unit prices

When you invest with Vision Super, your money buys a number of units in each of your nominated or default investment options. These units are purchased using a 'buy' price. Where transaction costs are recovered through a buy-sell spread, the 'buy' price is calculated by taking the value of the unit, that is known as the 'mid' price, and then applying the cost of the transaction to that price. The same principle is applied to the prices when you sell units (e.g. when you switch options or withdraw money). This is known as the 'sell' price and reflects, if a buy-sell spread is applied, the cost of that transaction. Any transaction on your account that involves the buying (e.g. contributions) or selling units (e.g. withdrawals,) is usually processed using the latest unit price as described below.

Your account balance is always based on the unit 'sell' price, which is the amount you would receive for the units you hold in the relevant Vision Super investment options should we make a benefit payment to you or rollover your benefits to another fund.

Unit prices go up and down according to investment performance and the unit price of an investment option will fluctuate to reflect investment earnings (which can be positive and/or negative). The extent to which unit prices fluctuate may depend on the investment option you are invested in. These movements are ultimately reflected in your account balance.

Based on the current level and pattern of member transactions and the current level of transaction costs the buy and sell prices are currently the same and buy-sell spreads are nil. If circumstances change, Vision Super may need to change buy-sell spreads to ensure it is able to more appropriately recover the transaction costs that result from member transactions. Our latest unit prices are usually updated on our website late on the next business day. The publication of unit prices might be delayed as a consequence of abnormal market conditions or system failures or if an investment option is frozen. In such circumstances, Vision Super will use its best endeavours to publish unit prices as soon as possible. No unit prices are struck on weekends and Victorian public holidays. The unit prices are calculated after the reserving margin (if any), and an estimate of investment fees and taxes on investment earnings are taken out. These estimates will be adjusted as information becomes available for the calculation of future prices. For more information on how fees and costs (including transaction costs and buy-sell spreads) affect you, please refer to our additional guide titled **6. Fees and costs – additional guide**.

Debit accounts

In certain circumstances, money may be paid to you or on your behalf by the Fund under the law.

What is a debit account?

You may have a debit account for the following reasons:

> Vision Super has paid a surcharge tax assessment on your behalf, or
> You have been granted an early release of benefits, such as on compassionate or financial hardship grounds.

Does the amount in the debit account increase over time?

Yes. The amount increases each year because debit accounts incur an interest charge generally equal to the earning rate of the LASF DB defined benefit asset pool. When a LASF DB benefit becomes payable, the balance of your debit account is deducted from your LASF DB benefit.

Family law settlements

What is a family law offset account?

If you have been through a relationship breakdown, and your superannuation entitlements with Vision Super have been split (either by court order, or by agreement with your former spouse), you may have a family law offset account.

Does the amount in the family law offset account increase over time?

Yes. The amount increases each year as a result of an interest charge (rate) applied to the account. The rate is equal to the earning rate of the LASF DB asset pool. When a benefit becomes payable from the plan, the balance of the family law offset account is deducted from your LASF DB benefit.

Employees over age 65

You cannot contribute to the LASF DB Defined benefit plan once you reach age 65, and years of membership after age 65 do not count for benefit calculation purposes. If you continue to work beyond age 65, your employer will make contributions on your behalf to the Vision Super Saver plan, and you may contribute to Vision Super Saver yourself.

Employees with over 40 years of membership

You cannot contribute to the LASF DB plan once you have reached the maximum period of membership (40 years). If you continue to work beyond 40 years of membership, you have two options:

> You may leave your benefits in the LASF DB plan and continue working, or
> You may transfer your benefits to a Vision Super Saver plan in accordance with the trust deed.

If you choose option 1, your LASF DB benefit will only grow in line with any increases in your adjusted final salary over the period to your actual retirement. However, your years of membership after 40 years do not count for benefit calculation purposes. Your employer will continue to contribute to the LASF DB plan as agreed with the Trustee.

If you choose option 2, your entire benefit will be transferred to the Vision Super Saver account and you will not be able to take a Lifetime pension if you may have been eligible to do so. Your employer will be required to contribute to your Vision Super Saver account on your behalf, at the superannuation guarantee rate and your benefit will increase/ decrease based on the net investment returns for the investment options you are invested in. Administration fees and any other relevant fees will also be deducted from your account.

For further information please refer to the Vision Super Saver Product Disclosure Statement available at **www.visionsuper.com.au/resources/forms-and-publications/**

Accessing benefits after age 65

Once you have reached age 65, you can access your LASF DB benefits, even if you are still working. If you wish to take some of your lump sum benefit and convert the remainder of your benefit to a LASF DB Lifetime pension (if you are eligible to do so), you must elect to do so at the time you take the lump sum.

You can also transfer part or all of your LASF DB benefits to a Vision Super Saver/Vision Personal or another super fund, although you will not be able to convert your benefits into a LASF DB Lifetime pension (if you would have been eligible) in the future. However, you have the option of purchasing a Vision Super income stream or an income stream in another super fund.

9. Fees and costs

Your LASF DB benefits are not subject to direct fees. Your LASF DB benefit is not subject to any fees and costs. There are no fees and costs deducted from your LASF DB benefit. As your LASF DB benefit is not based on investment earnings, there are no fees and costs deduction from the investment earnings allocated to/from your LASF DB benefit.

No fees and costs are deducted directly from your LASF DB ABC account. Any administration fees that we would otherwise deducted from your account as a direct fees are met from the LASF DB plan. Investment returns allocated to/from your account are net of tax on investment earnings, the reserving margin (if any), and all investment fees and costs, including transaction costs.

A LASF Deferred retirement benefit (regardless of whether it's an Old or New Deferred retirement benefit) may have Administration and Investment fees and costs deducted directly from the account and/or the net investment returns on the member's investment.

The administration fees and costs are made up of two components:

> An asset based fee of 0.35% of your account balance capped at $1,050 pa, and

> If charged, a reserving margin ranging from 0.00% to 0.02% which is reflected in the daily unit price. Currently the reserving margin is nil.

Fees and costs may be deducted from your money, from the returns on your investment or from assets of Vision Super as a whole. You should read all the information about fees and costs because it is important to understand the impact on your investment.

More information about the applicable fees and costs of Vision Super's deferred retirement benefits are set out in the Vision Income Streams PDS available at **www.visionsuper.com.au/resources/forms-and-publications/**. These fees and costs are the same as our account-based income streams.

There are no fees or costs deducted from your LASF DB Lifetime pensions.

10. Taxation

The following is a summary of the key tax rules specifically relating to superannuation at the date of preparation of the guide. These rules are complex and frequently change. The tax applicable to your benefits depends on your personal circumstances. For information relating to your personal circumstances, you should speak to a taxation adviser.

Super taxes

Various taxes are payable in relation to super including:

Contributions tax

All salary sacrifice contributions are usually subject to a 15% contribution tax.

Individuals with income greater than $250,000 pa (including their concessional contributions) may be required to pay contributions tax of 30% while low income earners may receive a rebate of the 15% tax on their employer contributions.

Any contributions you make from your after-tax earnings or savings are usually not taxed.

There are government-imposed limits on contributions, both pre-tax and after-tax, that can be made to super each year. The limits apply to all your super contributions (not just the contributions made to Vision Super). You may also have notional superannuation contributions for your LASF DB benefit.

In some cases, the additional tax can be paid from your account. But, in other cases, you will have to pay the extra tax out of your own pocket. These tax rules are complex.

For more information, visit **www.ato.gov.au** or consider whether you should consult a taxation adviser.

Taxes on investment earnings

Investment earnings on your ABC Account or your Deferred Old/New Benefit are subject to tax at a maximum rate of up to 15% pa.

Taxation on lump sum withdrawals

Tax is also payable on any withdrawals of your benefits in cash depending on your age, the amount, whether your benefit consists of a tax free component and/or taxable component, and the benefit tax thresholds that vary from year to year. Once you turn 60, usually no tax will apply to any withdrawals (lump sums or income streams/pensions).

Your super benefit is divided into two components as follows:

> A tax-free component, and

> A taxable component.

When you make a lump sum withdrawal, the withdrawal is taken proportionally from these components. You cannot choose to have a partial withdrawal from one particular component.

The tax-free and taxable components are worked out using complicated rules, but in general the components depend on the source of the original contribution. Some withdrawals are treated differently (e.g. death benefits). See below for further information.

Tax-free component

The tax-free component is generally made up of your non-concessional contributions plus any crystallised tax-free amounts at 30 June 2007. Special rules apply if you are paid a permanent incapacity payment.

No tax is payable on the tax-free component.

Taxable component

The taxable component is the total of your benefit less the tax-free component. The rate of tax on the taxable component depends on a number of factors including your age and whether there are any specific reasons why the benefit is being paid.

Generally, if you are 60 or over, your lump sum payment is tax free.

If you are between your preservation age (which will be between age 55 and 60 depending on your date of birth), a low rate lifetime cap applies.

For 2021/22, this cap is $225,000. This cap is indexed annually in line with Average Weekly Ordinary Time Earnings (AWOTE) and increased in increments of $5,000 (rounded down). Any amounts paid to you within this cap are tax free. Any amounts over this cap will be subject to 15% tax (plus Medicare levy).

If you are under your preservation age when you receive your lump sum benefit, the low rate cap does not apply and the taxable component will be subject to 20% tax (plus Medicare levy).

At a glance, the above can be summarised as follows:

Component	Tax treatment
Tax-free	Tax-free
Taxable	At or above your preservation age (ie. between 55 and 59 depending upon your date of birth) but under 60 years: > First $225,000* tax-free > Over $225,000* taxed at maximum rate of 15.0%^ Under your preservation age taxed at maximum rate of 20.0%^

^ Plus Medicare levy.

* The $225,000 low rate cap lifetime limit is the total of all the taxable payments you receive or are paid before you reach age 60 (even if they're received in different financial years).

Taxation of death benefits

Death benefits receive favourable tax treatment, depending on who receives the benefit (such as whether the payment is made to a tax dependant) and how it is paid. Dependants for income tax purposes include:

- Your spouse or de facto
- Children, but only those under age 18 (and neither of the following apply)
- Any other person who is financially dependent on you at the time of your death, and
- Any other person with whom you have an interdependency relationship.

The definition of spouse includes same sex couples and the definition of child includes eligible children of same sex couples. This means that same sex couples and their children are able to access the same tax concessions on lump sum death benefits available to married and de facto opposite sex couples. In addition, a spouse is recognised when the relationship is registered on the Register of Births and Marriages under State or Territory law.

Tax dependents will pay no tax on a lump sum payment that they receive.

The taxable component of a lump sum paid to a non-tax dependant will be taxed concessionally at a rate of 15% plus Medicare levy. Any untaxed element will be taxed at a rate of 30% plus Medicare levy.

Tax on terminal illness benefit

If you fulfil the terminal illness requirements under the relevant insurance policy (if applicable) and superannuation legislation, your benefit will be tax-free (if it is paid during your medically certified terminal illness period).

Tax on pension payments (other than pension payments to a reversionary beneficiary)

If you are age 60 and over

- Generally, you pay no tax on superannuation benefits received from this Fund if you are aged 60 or over regardless of whether they are received as a superannuation income stream benefit (that is, as a pension payment) or superannuation lump sum benefit. This means that the payment is not reportable to the Australian Taxation Office (ATO). However, the payment will be reportable for Centrelink purposes.
- If you commence receiving a LASF DB Lifetime pension before age 60, once you turn 60 you will no longer pay tax on your pension payments.

If you are under age 60

Taxation of pension payments from your LASF DB Lifetime pension:

- You may have to pay tax at your marginal tax rate when you receive pension payments from your income stream (referred to as Pay-As-You- Go or PAYG tax). Where PAYG income tax is payable it will be deducted from your income stream payments and paid by the fund to the ATO. We will also send you a PAYG Payment Summary at the end of each year showing the income you need to include in your tax return and the tax that has been withheld under PAYG withholding requirements (if any).
- Your pension payments will generally consist of two components: taxable and tax-free. You are required to draw down proportionally from these two components. The amount that is paid from the taxable component will form part of your assessable income and be taxed at your marginal tax rate (plus Medicare levy). Note: this taxable component must also be included in your income tax return.
- If you have reached your preservation age and are under age 60 and receive an income stream from a complying superannuation fund, a 15% tax rebate or offset on the taxable amount of your income stream is available.

  For instance, if your annual income stream is $20,000 and you have an annual tax-free component of $5,000 then you can receive a tax rebate of 15 per cent of $15,000 which is $2,250.

  Please note that if you are under your preservation age, the tax offset is not generally applicable (unless your benefit qualifies as a disability benefit; basically you are permanently incapacitated as defined in Government legislation).

Tax on pension payments to a reversionary beneficiary

The tax treatment of death benefits paid to a reversionary beneficiary as an income stream depends on the age of the member and their beneficiary at the time of the death claim. For example, where either of the deceased or recipient are 60 or older, the pension will usually be tax-free. The personal circumstances of the reversionary beneficiary may also affect the tax treatment of investment earnings associated with their benefit.

Call our Retirement Hotline on **1300 017 589** for more details.

Information about providing your tax file number (TFN)

We may ask you for your tax file number (TFN) any time. We can only use your TFN for lawful purposes. These purposes may change in the future as a result of legislative changes.

It is not an offence not to give us your TFN and you are not obliged to do so. However, there can be significant adverse consequences if you do not give us your TFN or you give us an incorrect TFN such as:

- An additional tax of 30% (plus Medicare levy) is imposed on your salary sacrifice contributions paid into a superannuation account on your behalf as concessional contributions. This is in addition to the 15% tax on these concessional contributions (ie. the tax rate on these contributions is 47%)
- We cannot accept your personal contributions
- Any Government co-contributions that might have otherwise applied are not payable
- Additional tax may be deducted from your benefits when a benefit payment is made, and
- When we receive employer contributions for you and we do not have your TFN, these contributions are referred to as 'No-TFN contributions'. If you do not have a TFN, contact the ATO at **www.ato.gov.au** or on **13 28 61**.

You can quote your TFN any time.

Using your TFN

Apart from avoiding the adverse consequences described above, giving us your TFN can benefit you in other ways. If you provide us with your TFN and you give us your consent, we can contact the ATO on your behalf to find out about any superannuation interests that have been reported to the ATO by other funds for you. We can then reunite you with your lost super or monies held on your behalf by the ATO.

Transfers to other superannuation funds

Please note that if we have your TFN, we will disclose your TFN to another superannuation provider when your benefits are being transferred, unless you instruct us in writing that your TFN is not to be disclosed to another provider.

Your TFN and your LASF DB Lifetime pension

When you start a LASF DB Lifetime pension or another income stream product, you may be asked to provide your TFN if you have not already provided it to the Fund.

- However, as indicated above, you are under no obligation to provide your TFN, either now or later, and it is not an offence to not give your TFN. Your TFN is confidential and we will use it only for approved purposes, including to calculate tax on any superannuation benefit you may be entitled to, and
- If you wish to transfer benefits to another complying superannuation fund, or retirement savings account, we would provide your TFN to the fund or RSA provider, except where you notify us in writing not to do so.

These approved purposes may change in the future if the law changes. It is important to provide your TFN to us if you have not already done so. If you are not sure whether we have your TFN recorded, please contact us. Alternatively, if you do not have a TFN, you should contact the ATO on **13 10 20**.

11. Preservation requirements

Superannuation is a long-term investment for your retirement and there are restrictions on when you can take your superannuation savings in cash.

Generally, your superannuation benefits are "preserved", which means you cannot take them in cash until you reach a certain age (called your preservation age).

Where your benefits are non-preserved, you are able to take them in cash provided a benefit is payable to you (eg. because you have resigned and a benefit is permitted to be paid to you under the trust deed).

What is your preservation age?

Your preservation age is based on your date of birth as follows:

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

The following conditions of release are not available to you if you are a temporary resident unless you are an Australian or New Zealand citizen or hold (or held) a sub-class visa 405 or 410:

- If you permanently retire on or after reaching your preservation age:
- If you suffer 'severe financial hardship' or are eligible on 'compassionate grounds' (where only some of your preserved benefits may be paid to you)
- A release authority is received by the fund to release a benefit for an approved purpose, or
- You are diagnosed with a 'terminal medical condition' (as defined by the Superannuation Industry (Supervision) Regulations 1994).

12. Frequently asked questions – general

12.1 What happens when I go from full-time to part-time (ie service fraction)?

Your service fraction will be adjusted to reflect the proportion of full-time hours worked.

For example:

If you work a 38-hour week on a full-time basis your service fraction is 100%. If you then reduced your hours to 15 hours a week, your service fraction will equal 15/38 x 100 = 39.473%.

Your service fraction history is used to determine your years of membership when calculating your LASF DB benefit entitlements. When your service fraction reduces, it does not automatically result in a reduction in your benefits. Your benefits accrued to the date prior to the reduction in service fraction are not affected.

The reduction only applies to your future membership. That is, your LASF DB benefits will grow more slowly following the reduction to your service fraction.

12.2 Can I salary sacrifice my 6% contribution?

Yes, subject to employer approval.

If your employer approves, you can elect to sacrifice all or part of the mandatory member 6% contributions. Please note that the portion of the 6% contributions that is salary sacrificed needs to be grossed-up to pay for the contributions tax payable on the salary sacrifice contributions.

This is because the Fund is required to pay up to 15% contributions tax on the portion of the member contributions that is salary sacrificed. To ensure the Fund receives the same after-tax money from the member, the portion of the member 6% contributions that are salary sacrificed must be grossed-up by 17.647%.

For example:

The Fund normally receives $1,000 from the member after tax.

If there is no gross-up, the net contributions received by the Fund are:

Pre-tax 6% member conts	=	$1,000
Less 15% contribution tax	=	$150
Net contributions	=	$850

However, the Fund requires $1,000 after the 15% contribution tax has been paid to the ATO. To achieve this, the contribution would be grossed up by 17.647% as follows:

Grossed up pre-tax 6% member conts	=	$1,000 x 100/85
Gross contribution required	=	$1,176.47
Gross contribution received	=	$1,176.47
Less 15% contribution tax	=	$176.47
Net contributions	=	$1,000

12.3 How is adjusted final salary calculated?

Your LASF DB benefits are calculated using your adjusted final salary (AFS). Your AFS is equal to your average salary for the 12 months before your benefits become payable indexed to average weekly earnings. Your AFS cannot be less than your average salary or greater than your final salary.

12.4 What investment options can I invest my additional benefit contract (ABC) contributions in?

ABC contributions can only be invested in either the Cash or Balanced growth investment option.

If you elect to open an ABC account, it will initially be invested in the Cash option. You can stay in the Cash option or you may elect to switch to the Balanced growth option. Once you choose to invest in the Balanced growth option, you cannot switch back to the Cash option.

12.5 Why can't an ABC account accept the government co-contribution, instead of having to set up a Super Saver account?

Your ABC account is part of the LASF DB plan and is subject to the specific rules relating to that sub-plan. The contributions that can be accepted into an ABC account must be expressed as a percentage of the LASF DB member's super salary and are invoiced to the employer. The ABC account cannot accept government co-contributions or any other contributions (eg personal deposits, roll-overs, etc).

12.6 How is my LASF DB benefit calculated?

LASF DB plan entitlements are calculated according to pre-determined or 'defined' formulas. The formula used to calculate your benefit follows the general format:

Adjusted final salary	x	accural rates	x	years of membership

12.7 What happens to my LASF DB benefit if I take long service leave (LSL) or approved leave without pay (LWOP)?

There is no change to your years of membership if you are away from work due to long service leave.

If you are away from work on approved leave without pay, both the member and employer contributions are not payable. However, this period of leave is not counted as part of your years of membership for your LASF DB benefit calculations.

While you are on approved leave without pay, you are not covered for death and disability unless you elect to pay 2% of your salary during this period of leave to maintain your cover. This is done by completing a form prior to your leave. The 2% is invoiced and paid by your employer who in turn will recover it from you via payroll deductions.

12.8 What happens to my LASF DB benefit if my salary is reduced?

The LASF DB plan entitlements are calculated with reference to adjusted final salary. However, where your superannuation salary has decreased your benefits will be calculated with reference to notional adjusted final salary.

12.9 What is a notional adjusted final salary?

A notional adjusted final salary is determined by the trustee and is used to protect LASF DB members from a reduction in their accrued benefits as a consequence of a significant reduction in salary.
A notional adjusted final salary will never be less than the adjusted final salary.

12.10 What is included in the definition of salary?

Salary is equal to your annual pay but does not include payments:

a. For overtime or in the form of bonuses
b. For travelling allowances or incidental expenses
c. Of a temporary character.

12.11 If I leave local government, can I continue as an active member of the LASF DB plan?

Your LASF DB plan membership can only continue where you leave one DB employer and commence with another DB employer within two months.

12.12 Will my insurance cover continue while I am on approved leave without (LWOP)?

Yes, if you elect to pay 2% of your salary during the period of LWOP.

12.13 If I am 65+ and still working, what happens?

Both member and employer contributions cease when you reach age 65. You will also have reached your maximum benefit multiple which means that your formula-based benefit ceases to grow beyond age 65.

You have access to your benefits from age 65 regardless of whether or not you continue to work. You must provide us with your payment instructions and you can elect to leave all or part of your lump sum benefit in another Vision Super product (eg Vision Personal, Allocated pension account or Super Saver) or transfer it to another fund.

Depending on your circumstances, you may also be eligible for a LASF DB Lifetime pension.

12.14 What happens if I exceed 40 years of membership?

If you reach 40 years LASF DB plan membership before attaining age 65, your options are:

1. Remain in the LASF DB plan, in which case your member 6% contributions will cease. However, you employer will be required to continue to contribute at the prescribed rate. You will reach your maximum benefit multiple and any growth in your benefits will be dependent only on salary growth
2. You can elect to transfer your LASF DB benefit to an existing or new Super Saver or Vision Personal account or another fund. By choosing this option you will forgo the lifetime superannuation pension option (if applicable) and you cannot elect to return to the DB plan.

12.15 Can I take 50% of my LASF DB benefit as a LASF DB Lifetime pension?

Yes, if your LASF DB membership commenced on or before 25 May 1988. You can convert up to 50% of your lump sum benefit to a LASF DB Lifetime pension when you have reached age 55.

12.16 How does my LASF DB benefit grow, given that I am paying 6% and my employer pays at the rate recommended by the Fund Actuary?

The growth in your LASF DB defined benefits is linked to your salary growth and period of fund membership as it is a formula-based benefit. The amount of contributions paid by you or your employer does not directly impact the amount of your LASF DB defined benefit.

12.17 What happens with family law?

The Fund must comply with any splitting orders that we receive in accordance with the provisions of the Family Law (Superannuation Regulations 2001). In the case of a LASF DB member, a family law offset account is established and credited with the value of the base amount stipulated in the splitting order.

The amount of this account increases as a result of an interest charge (rate) applied to the account. The rate is equal to the earning rate of the defined benefit asset pool. The amount of the interest charge appears on your family law offset account transaction summary, if applicable. When a LASF DB benefit becomes payable from the plan, the balance of the family law offset account is deducted from your LASF DB benefit. You may pay off your family law debit account at any time.

A Super Saver account is established in the name of the non-member spouse and credited with the value of the amount stipulated in the splitting order. The spouse can elect to leave their benefit in the Super Saver account, access the unrestricted non-preserved component of their benefit or roll it over to another fund.

12.18 Can I take more than 50% of my LASF DB benefits as a LASF DB Lifetime pension? Why not?

No, the trust deed restricts the amount of your LASF DB benefit you can take as a Lifetime pension to 50%. You cannot use any of your ABC account to set up your pension.

12.19 Has my money been affected by what has happened with the share market?

No. LASF DB benefits are protected against inflation as they are formula based and are not exposed to fluctuations in investment markets. The employers carry the investment risk, not individual members.

If you have an ABC account, the investment performance of the investment option that it is invested in will impact the value of that account.

12.20 Can I combine my ABC account with my Super Saver?

Yes. You can elect to transfer all or part of your ABC account to an existing or new Super Saver account. On transfer, the ABC benefit is still restricted so that it cannot be paid out to you.

12.21 What happens if I work irregular part-time hours?

If your hours of work are very irregular, your employer may have difficulty in providing a service fraction. In this situation, the employer can estimate the hours to be worked in advance (eg monthly, bi-monthly, quarterly etc) and then adjust the following service fraction.

12.22 48/52 arrangement – how is this calculated?

As part of an enterprise bargaining agreement, an employee may accept a lower salary in exchange for more annual leave. The employee works for 48 weeks instead of 52 and gets paid for 48 weeks but has the lower salary spread over the 52 weeks.

In such instances, the annual full-time salary must be maintained and the reduction in hours worked must be reflected in the employee's service fraction.

For example:

The service fraction would be reduced for a full-time employee as follows:

48/52 x 100% = 92.30%

For a part-time employee on a service fraction of 60%, the reduction would be as follows:

48/52 x 60% = 55.38%

12.23 What needs to be done when a LASF DB member is on WorkCover?

Nothing is required. Both member and employer contributions must be maintained and the member's membership is not affected.

You should make sure you provide WorkSafe Victoria with any information about your superannuation that they need to know.

12.24 Do overtime, bonuses, temporary arrangements and travel expenses form part of super salary?

No, they are excluded from the calculations.

12.25 How do contribution caps affect LASF DB members?

Caps apply to contributions made to your super in a financial year.

If you contribute more than these caps, you may have to pay extra tax. Special rules apply to work out the amount of your concessional contributions in a defined benefit fund.

As a Defined benefit member, your concessional contributions include your notional taxed contributions. If you exceed the contribution limits, you may have to pay a penalty tax on these amounts.

Concessional (pre-tax) contributions include:

- Compulsory contributions paid by your employer – such as the super guarantee
- Salary sacrifice contributions, administration fees and insurance premiums paid by your employer
- Personal contributions for which you claim a tax deduction, and
- Notional taxed contributions if you are a member of a defined benefit fund.

Please visit **www.ato.gov.au/individuals/seniors-and-retirees/super/contribution-caps/** for the current caps.

12.26 How is my LASF DB benefit multiple calculated at age 55, 60 and 65?

The LASF DB benefit multiples are calculated by reference to your start date in the fund, date of birth, retirement benefit multiples, effective service fraction and any periods of approved leave without pay.

For example:

Member start date:	1 July 1989
DOB: 10 September 1959	
Date attaining age 55:	10 September 2014
Date attaining age 60:	10 September 2019
Date attaining age 65:	10 September 2024
Retirement benefit multiple to 30/06/1993:	21%
Retirement benefit multiple from 01/07/1993:	18.5%
Effective service fraction:	100%

Benefit multiple at age 55

21%	x	1,416 days/365	=	0.84
plus				
18.5%	x	7,742 days/365	=	3.92
Benefit multiple at age 55			=	4.76

Benefit multiple at age 60

21%	x	1,416 days/365	=	0.84
plus				
18.5%	x	9,568 days/365	=	4.84
Benefit multiple at age 60			=	5.68

Benefit multiple at age 65

21%	x	1,461 days/365	=	0.84
plus				
18.5%	x	11,395 days/365	=	5.77
Benefit multiple at age 65			=	6.61

The examples above are for a full-time member with no 'leave without pay' periods. Any periods of part-time employment and approved leave without pay must be factored into the calculation.

Please note that you will reach your maximum benefit multiple at age 65 or 40 years' membership, whichever comes first.

12.27 How is a motor vehicle treated for super salary purposes?

If you have a car as part of your salary package, and you have the option in your employment agreement to give up the car and receive its value as taxable salary instead, the value of the car is included in your salary for super calculations.

12.28 What are notional taxed contributions?

In a DB fund, your employer usually contributes to the fund for a group of employees and not specifically for you. There may also be instances where the employer is not making any contributions. Notional taxed contributions are calculated using a formula specified in the legislation, which generally represents the equivalent employer contributions your employer would make if you were a member of an accumulation fund.

There are special rules (grandfathering) that may apply if you were a member of a DB fund on 5 September 2006 (the day the original contribution caps were first announced) or 12 May 2009 (the reduction in the concessional contribution caps). If your notional taxed contributions in a financial year exceed your concessional contributions cap and you qualify for the grandfathering provisions, we will treat your notional taxed contributions as being equal to your concessional contributions cap.

Please note that it is not Vision Super's responsibility to monitor your contributions to ensure you don't exceed the cap. To ensure you don't exceed the contributions cap, you should keep a record of the ongoing total of your contributions each financial year.

For more information about your concessional contributions cap, please contact our member hotline on **1300 300 820**.

12.29 Why are there varying percentages pre-1993 (21%) and post-1993 (18.5%) used in the benefit multiple?

A reduction in the LASF DB accrual rates was required to offset a government tax reduction on members' benefits in 1988. Benefit accrual rates for membership prior to 1 July 1993 were maintained with the change only applicable to benefit accrual from 1 July 1993.

12.30 If I have a debit account, can I arrange to pay it off earlier?

Yes this is possible. This can be achieved by making a payment to Vision Super via EFT. You can also request the liability to be offset against another Vision Super account if you have one and it contains sufficient funds.

12.31 What happens to my LASF DB benefit if I die?

A LASF DB plan death benefit can only be paid to your legal personal representative on sighting Probate of your Last Will and Testament or Letters of Administration if you die intestate.

13. Frequently asked questions – lifetime pension

13.1 What are the eligibility criteria?

You must be a member of the Local Authorities Superannuation Fund (LASF) Defined benefit scheme who joined on or prior to 25 May 1988.

13.2 What is the payment frequency?

Fortnightly – paid every second Wednesday.

13.3 What is the method of payment?

Must be paid into a nominated bank or credit union account within Australia.

13.4 Is the fortnightly LASF DB Lifetime pension indexed?

Yes, the pension is indexed to inflation, in accordance with movements in the consumer price index (CPI). The rate of the pension is adjusted with CPI on the first pension pay date in June and December.

13.5 Is there a qualifying period for the CPI?

Yes, your LASF DB Lifetime pension will only be indexed if you have been receiving it for six months or more.

13.6 Can I convert my LASF DB Lifetime pension to a lump sum payment?

Yes, but only at age 70. At age 70, all active pension recipients have a ONE OFF option to commute 30% of their gross fortnightly pension entitlement to a lump sum payment. For each dollar reduction of your fortnightly lifetime pension, a lump sum of $196.44 is paid.

For example:

If you were receiving $300 gross fortnightly pension, you could elect to reduce your pension entitlement by 30%. The reduction would equal $300 x 30% = $90. Your pension would then be reduced to $210 (ie $300 - $90), and you would receive a lump sum of $17,679.60 ($90 x $196.44).

13.7 If I elect the 30% reduction, will my reduced LASF DB Lifetime pension still receive the half yearly CPI increases?

Yes. Your reduced pension will continue to be adjusted with movements in the CPI in June and December.

13.8 What would happen to my LASF DB Lifetime pension entitlement on death if I elect the 30% reduction?

A decision to convert 30% of your pension has no effect on the amount that would be payable to your surviving spouse. Your surviving spouse would entitled to two-thirds of your FULL gross pension regardless of whether you had previously opted for the 30% reduced pension. Therefore by choosing the 30% reduction, you can take the lump sum payment without affecting the amount payable to your surviving spouse after your death.

13.9 What happens if I do NOT choose the 30% reduction?

There would be no change to your pension payments. You would forego this option and cannot request it at a later date.

13.10 I am an eligible spouse and would receive a spouse pension if my spouse dies. Will I be able to commute the 30% amount if I am over age 70 when my LASF DB Lifetime spouse pension starts to be paid?

You will have the option to commute 30% of your spouse pension. The only difference is the lump sum amount for each dollar reduction decreases after age 70. For example at age 77, the lump sum paid for each dollar reduction is equal to $145.70 compared with $196.44 at age 70.

13.11 What happens to my LASF DB Lifetime pension if I decide to reside overseas?

There will be no change to your pension payments. However, it still needs to be paid into an Australian bank account.

13.12 What happens to my LASF DB Lifetime pension when I die?

Whether you retire due to age or approved disability, a pension is payable for the life of your spouse provided they qualify. In some circumstances, a child's pension may be payable.

13.13 Who is a qualifying spouse?

To qualify as a spouse, a person must meet the definition of 'spouse' in the trust deed and meet additional requirements in some limited circumstances (eg de facto relationship).

13.14 What is the definition of 'spouse'?

In accordance with the trust deed, 'spouse' means –

i. The original pensioner's husband, wife, widower or widow, or

ii. A person who, though not legally married to the original pensioner, in the opinion of the Trustee lives or lived with the original pensioner as at the relevant date (being, in the case of a deceased person, the date of death of the deceased) on a bona fide domestic basis as husband or the wife of the original pensioner.

13.15 What happens if I am receiving a LASF DB Lifetime spouse pension and I re-marry?

There will be no change to your pension payments.

13.16 Can I be gainfully employed and still receive the LASF DB Lifetime pension?

Yes. However if you work for a LASF DB employer, your pension Is subject to review and may be reduced or suspended.

13.17 Can I request a total commutation of my LASF DB Lifetime pension to a lump sum payment?

No.

13.18 Can my LASF DB Lifetime pension be paid in advance?

No.

13.19 What happens if I change my bank account number and fail to notify you?

Your LASF DB Lifetime pension will be suspended until new bank details are provided. Suspended payments will then be released.

Here to help

Telephone

1300 300 820 (8:30am to 5:00pm)

Monday – Friday

(not including Victorian public holidays)

Email

memberservices@visionsuper.com.au

Visit

www.visionsuper.com.au

Write

PO Box 18041, Collins Street East, VIC 8003

ABN 50 082 924 561 AFSL 225054
RSE L0000239 USI 24496637884020

14. How we deal with complaints

At Vision Super, we aim to provide you with the personalised service and address any concerns that you may have as quickly as possible. We hope that you never have cause to complain. However, if you wish to make a complaint we have an internal complaints process to deal with it.

Written complaints should be made to:

The Resolutions Officer
Vision Super
PO Box 18041
Collins Street East VIC 8003
or
Email: **resolutions@visionsuper.com.au**

Your written or verbal complaint should include:

> Your name, address and telephone number
> Your membership number
> A description of the complaint
> If applicable, the names of the Vision Super staff you dealt with up to the date of the complaint, and
> Any relevant supporting documentation.

If you have any difficulty writing or formulating your complaint, you can call the Resolutions Officer through our Contact Centre on **1300 300 820**.

Australian Financial Complaints Authority

If you are not satisfied with the outcome of the investigation into your complaint, or if you have not received a response within 90 days (or 45 days from 1 October 2021), you may take the matter to the Australian Financial Complaints Authority (AFCA). AFCA is a fair and independent dispute resolution body established by the Government to help resolve financial complaints. AFCA provides a free service. AFCA can be contacted as follows:

Online:	**www.afca.org.au**
Email:	**info@afca.org.au**
Phone:	**1800 931 678**
Mail:	Australian Financial Complaints Authority GPO Box 3, Melbourne VIC 3001

Privacy complaints

If your complaint relates to a breach of privacy that is not resolved by our internal complaints process, you can refer it to the Office of the Australian Information Commissioner on **1300 363 992**.