ENERGY SUPER DEFINED BENEFIT HANDBOOK

PREPARED AND ISSUED **20 DECEMBER 2021**

ENERGYSUPER
PUTTING THE ENERGY INTO SUPER

CONTENTS

ABOUT THIS ENERGY SUPER DB HANDBOOK

This Handbook was prepared and issued on 20 December 2021 by LGIAsuper Trustee (ABN 94 085 088 484) (AFSL 230511) (the Trustee), as trustee for LGIAsuper (ABN 23 053 121 564) (RSE R1000160) (the Fund). LGIAsuper is an authorised MySuper product provider (Product Number 23 053 121 564 638).

This Handbook describes the main features of an Energy Super Defined Benefit (DB) account with the Fund which has been closed to new members since 2001. Its purpose is to help you understand the benefits and conditions of the membership.

It refers to membership on or after 1 July 1995. If your membership existed prior to that date, the benefits payable to you may be subject to different terms and conditions than those described in this Handbook. You should contact the Fund if you think this applies to you.

If you request more information, the Trustee of the Fund will provide you with all the information it reasonably believes you require to make an informed assessment of the management and financial condition of the Fund and its investment performance.

This Handbook contains general information only. It is not intended to contain any recommendations, statements of opinions or advice and does not consider your individual objectives, financial situation or needs. Therefore, before making any decisions regarding your superannuation benefits in the Fund, you should consider the appropriateness of any information provided in this Handbook.

Access to current information

The information in this Handbook is correct at the date of issue and it is regularly updated on the Energy Super website at **energysuper.com.au** You can request a printed copy of the most recent version by contacting the Fund.

If you have any questions about being a member of the Fund, you can contact us on **1300 436 374** or email **info@energysuper.com.au**

The Fund provides access to a team of financial advisers who can provide members with professional financial advice services.

ABOUT US

Energy Super is proudly part of LGIAsuper (the Fund), one of Australia's longest-running superannuation funds with a unique understanding of the needs of local communities.

With our roots in local government, energy and affiliated industries for more than 55 years, the Fund offers Energy Super superannuation and retirement income stream products and provides access to financial advice services to members.

The Fund is a complying regulated fund under legislation known as the Superannuation Industry (Supervision) Act 1993 (SIS).

The Fund caters for you at various stages in your life by offering different categories of membership:

- **Energy Super Defined Benefit (DB)** account holders are employed by participating employers who provide superannuation for their employees under a DB arrangement through the Fund. This section is closed to new members.
- **Energy Super Accumulation** accounts are for members who have accumulation style super in the Fund. This category of the Fund is for all other members who are not in any of the other two categories (DB or Income Stream).
- **Energy Super Income Stream** accounts are for members who have started an Energy Super Income Stream. Refer to the Energy Super Income Stream Product Disclosure Statement for more information.

BENEFITS OF INVESTING IN ENERGY SUPER PRODUCTS

Energy Super is committed to putting the energy into super.

The Fund is determined to be by your side from your first job to retirement and beyond. Generations of energy and electrical industry workers, employers and their families choose Energy Super products– as do thousands of Australians in other professions.

We aim to help you maximise your super investment to help you live the life you want. We do this by delivering **strong long-term investment performance***, offering **tailored Income Protection insurance** to help protect your income during your working years, and giving you access to **financial advice** to help you grow your super.

Being a **profit-for-members fund** means we aim to keep fees low. It means that everything we do – from the products and services we offer to the investment returns we generate – benefits our members. You.

* Investment performance is not guaranteed. Past performance is not an indicator of future performance. For more information on investment performance, visit **energysuper.com.au**.

YOUR FAMILY AND FRIENDS CAN JOIN

Your spouse, other family members and friends can join Energy Super by opening an Accumulation account. The DB section is closed to new members.

Your family and friends can join the Fund online or alternatively by completing the *Member Application* Form in the back of the *Energy Super Member and Product Disclosure Statement - Defined Contribution Accounts* Guide available at **energysuper.com.au**.

GROWING YOUR SUPER

Your superannuation benefit may consist of two parts: a DB account (funded by compulsory contributions) and your Accumulation account (funded by additional contributions and rollovers).

Your DB is a calculated benefit generally related to your membership period and your superannuation salary. Your DB account generally grows as it is partly based on your salary multiplied by your membership period. It may also be influenced by the compulsory contributions made by you and fluctuations in the DB investment pool returns. For more information refer to **Your benefits** on page 8.

Your accumulation benefit grows based on the amount of additional contributions made and the investment performance of the option/s in which you invest.

Please note: that only voluntary contributions made through your employer can be invested in the Smoothed Return and Capital Guarantee options. Unless you have selected otherwise, voluntary contributions and rollovers into your accumulation account will be invested in the MySuper option. For more information please refer to the *Energy Super Investment Guide* at **energysuper.com.au**.

EMPLOYER CONTRIBUTIONS

Your employer makes super contributions determined by the Fund's Actuary. This contribution rate aims to ensure your benefits are always fully funded. Some employers may make additional contributions into your Accumulation account.

COMPULSORY MEMBER CONTRIBUTIONS

Member contributions are compulsory and, for most members, this will be at the rate of 5% of your superannuation salary (or 5.88%, if you salary sacrifice your compulsory contribution). These contributions are paid into your member account.

Salary sacrifice contributions are an arrangement between you and your employer where you agree to forego (or sacrifice) a percentage or a dollar amount of your before tax earnings in exchange for your employer making super contributions of the same value on your behalf.

VOLUNTARY MEMBER CONTRIBUTIONS

To boost your superannuation savings further, the Fund lets you make voluntary member contributions in addition to your compulsory member contributions, subject to the contributions rules on the following page. Your voluntary member contributions will be paid into a separate Accumulation account attached to your DB account. Voluntary member contributions can be made as lump sum payments or regular deductions from your salary. They can be made from your before-tax earnings (salary sacrifice contributions) or from your after-tax earnings.

ROLLOVER MONEY FROM ANOTHER FUND

The Fund allows you to rollover or transfer money from other superannuation accounts. Money rolled over or transferred in from another super fund is invested in the investment option or options you choose. Rollovers are added to your separate Accumulation account.

Before rolling over your super into the Fund, you may wish to seek advice from a licensed financial adviser.

GOVERNMENT CO-CONTRIBUTION

If you are a low income earner, you could be eligible for the Government's co-contribution. If you make after-tax contributions to your super account and are eligible, the Government will also contribute an amount to your account, subject to limits set by the Government. For more information about the Government's co-contribution scheme, refer to the *How Super Works* Guide available online at **energysuper.com.au**

SPOUSE CONTRIBUTIONS

Making contributions for your spouse helps build a superannuation benefit for your spouse. If your spouse (married or de facto) is earning a low income or not working and you make a super contribution on their behalf, you may be able to claim a tax offset.

If eligible, you'll be entitled to a tax offset of up to $540 a year, provided you meet a number of conditions. Including the sum of your spouse's assessable income, total reportable fringe benefit amounts and reportable employer super contributions was less than $40,000 and the contributions were not deductible to you.

For more information, see the *How Super Works* Guide available at **energysuper.com.au**.

DOWNSIZER CONTRIBUTION

From 1 July 2018, if you are 65 and older you may be eligible to make a non- concessional (after-tax) superannuation contribution of up to $300,000 (total $600,000 for couples) from the proceeds of selling your home, which was your main residence and where the exchange of contracts for sale occurred on or after 1 July 2018.

You can make a downsizer contribution if:

- you are 65 years or older at the time of making the contribution
- you or your spouse owned your home for 10 years or more prior to the sale
- your home is in Australia and is not a caravan, houseboat or other mobile home
- the proceeds (capital gain or loss) from the sale of the home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption (for more information see ato.gov.au)
- you make the downsizer contribution within 90 days of receiving the proceeds of sale
- you have not previously made a downsizer contribution.

Existing contribution caps and rules (age and work test) will not apply to the downsizer contribution. However these contributions will not be exempt from the Transfer Balance Cap (currently $1.7 million) if being used to start an income stream.

To make a downsizer contribution you will need to complete the downsizer contribution form available from ato.gov.au and return it to us with your contribution. In submitting the form with your downsizer contribution, you are confirming that you have met all the eligibility requirements. Remember that all downsizer contributions must be made within 90 days of receiving the proceeds of sale, usually the date of settlement. For more information see ato.gov.au

5

GROWING YOUR SUPER

CONTRIBUTIONS

Superannuation contributions are generally classified as concessional or non-concessional contributions.

- **Concessional contributions** include before-tax payments made by you or your employer into superannuation and also your Notional Taxed Contribution amount (NTC).
- **Non-concessional contributions** include any personal after-tax contributions made into your super and spouse contributions received.

You can contribute both types (concessional and non-concessional) into your super, but there are caps placed on the tax treatment of the two types of contributions. The caps for each type are different and are shown in the following table.

	Contribution type (examples)	Contribution caps 2021/22 financial year
Before-tax (concessional) contributions	Employer Salary sacrifice Notional taxed contributions[1]	$27,500
After-tax (non-concessional) contributions	Personal (member voluntary) Spouse	$110,000 (or $330,000 on a bring forward basis if under 67[2])

Even if you make your compulsory 5% member contributions from your after-tax income, your NTC will still count towards your concessional contribution cap.

[2] Where the bring forward rule is used, total Non-Concessional Contributions made in the three year period (starting on 1 July of the first financial year in which Non-Concessional Contributions exceeded the cap) cannot exceed the bring forward cap for the year in which the bring forward rule is triggered.

IT IS YOUR RESPONSIBILITY TO MONITOR AND CONTROL YOUR SUPER CONTRIBUTIONS EACH YEAR

Whether or not you have exceeded your contributions cap in a financial year will be evaluated by the ATO from the information the Fund (and any other fund you may be in) is required by law to provide to the ATO. For DB members, this monitoring is more complex due to the inclusion of notional taxed contributions as part of your concessional contributions cap.

Because it is your responsibility to monitor your contributions, you may wish to access information throughout the financial year. You will be able to see some contributions, with the exception of your notional taxed contributions, on either your payslips or via the Member Portal. You will also need to account for your notional taxed contribution amount.

As the Fund is not able to warn you about a potential breach of the caps, you should regularly check your total contributions throughout the year. The ATO can provide you with a record of contributions made on your behalf. You can contact the ATO by phoning 13 10 20 or visiting ato.gov.au

WHAT IS A NOTIONAL TAXED CONTRIBUTION?

A notional taxed contribution for DB members is an amount of money that is considered to have been paid into your super account by your employer, irrespective of the amount contributed to the DB pool by you and your employer in a financial year. This results from the structure of defined benefits, where employers must contribute an actual amount of money to ensure your benefit is fully funded at all times, irrespective of any salary changes or investment market fluctuations.

HOW ARE NOTIONAL TAXED CONTRIBUTIONS CALCULATED?

Working out the amount of your contributions is less straightforward than it is for members belonging to other categories of the Fund. This is because your employer contributions that are counted towards the cap include a "notional amount" which is calculated by a formula. **They are not the actual contributions being made by you and your employer to fund your defined benefit.** The notional taxed contribution amount that counts towards your cap is calculated using the formula shown in Table 1.

The method used to calculate your notional contributions is determined by the Fund's Actuary in line with legislation and guidelines established by the Government and the Australian Institute of Actuaries.

SUPERANNUATION GUARANTEE CONTRIBUTION

All Defined Benefits are compared against the SGC, please see page 8 for information on Minimum Requisite Benefit.

The SG rates for each financial year are shown in the table below.

Financial year	SG Rate
2020/21	9.5%
2021/22	10%
2022/23	10.5%
2023/24	11%
2024/25	11.5%
2025/26	12%

Table 1

For Energy Super DB accounts, the calculation of **notional taxed contributions** is as follows:

1.2 x [(NER x S x D/365) – M]

WHERE:

1.2	Is a factor provided by the Government.
NER	Is the New Entrant Rate for each employer, worked out by an actuary, and includes compulsory member contributions.
S	Is your annual superannuation salary fixed on 1 July of each new financial year.
D	Is the number of days in the current year that you are a DB member of the Fund.
M	Is the 5% (after-tax) non-concessional contributions made in the year (if any).

Please note: This is the basic formula to estimate your notional taxed contributions to be counted towards your concessional contributions cap. There are other implications if you are a DB member who:

- *works part-time;*
- *changes benefit category during the year; or*
- *receives a benefit augmentation during the year (this could be any other superannuation benefit increase provided by your employer).*

The **NER** for Energy Super employers:

Employer	**NER**
NRG Gladstone	12%
All other Energy Super employers	11%

Special rules apply for these members. Please contact the Fund if you believe any of these may apply to your situation.

Please note: For the purpose of calculating your notional taxed contribution amount, it is important that you do not confuse superannuation salary with your Final Average Salary (FAS) shown on your Annual Statement. FAS is used to calculate your DB benefit and could be averaged over one or two years. Please contact the Fund for more information about DB salaries.

HOW DO I WORK OUT MY TOTAL CONCESSIONAL CONTRIBUTIONS FOR THE YEAR?

You add up all your concessional contributions, including your notional taxed contributions. Let's look at an example of Joan, who is a working Energy Super DB member.

CALCULATING JOAN'S BEFORE-TAX CONTRIBUTIONS FOR THE YEAR

The total of Joan's before-tax contributions for the year to 30 June will be the sum of her:

- notional contributions; and
- additional salary sacrifice contribution of 20% of her salary.

(1) Joan's notional contribution

Notional contribution = 1.2 x [(NER x S x D/365) – M]

NER	11% - The New Entrant Rate for her employer
S	$100,000 - Joan's salary as at 1 July is used for this calculation
D	365 - She was a DB member for the full year
M	$Nil - Joan salary sacrifices her compulsory member contributions

Example:

Joan's concessional contributions cap is $25,000 for 2020/21. This means she has exceeded her cap by $10,200 ($35,200 - $25,000) which will be included in her assessable income with a 15% tax offset and taxed at her marginal tax rate. She will also pay the excess concessional contributions charge and, if she does not pay on time, possibly a general interest charge.

Notional contribution =

$$1.2 \times \left[\frac{11\% \times \$100{,}000 \times 365}{365} - \$Nil\right] = \$13{,}200 \ \textbf{(1)}$$

PLUS

(2) Joan's additional salary sacrifice contributions

1 July to 31 December
Salary sacrifice contributions = $20\% \times \frac{\$100{,}000}{2^*} = \$10{,}000$

1 January to 30 June
Salary sacrifice contributions = $20\% \times \frac{\$120{,}000}{2^*} = \$12{,}000$

Total salary sacrifice contributions = $22,000 **(2)**

Joan's total concessional contributions (1) + (2) = $35,200

**To simplify this example calculation, each half year is considered to have the same number of days.*

Example:

Joan is aged 50 and has an Energy Super DB account. She is employed for the full year and her superannuation salary on 1 July (as advised by her employer) is $100,000. She pays her compulsory member contribution as a salary sacrifice contribution (5.88%). She is also salary sacrificing an additional 20% of her gross salary to super and she secures a salary increase to $120,000 on 1 January (half way through the financial year).

WHAT ARE THE SPECIAL CONDITIONS FOR DB MEMBERS WHOSE NOTIONAL CONTRIBUTION ALONE WILL PUT THEM ABOVE THE CONCESSIONAL CONTRIBUTIONS CAP?

Notional taxed contributions that exceed the concessional contributions cap will generally be treated as though they are equal to the cap. This means that you may not be liable for excess contributions tax on these contributions. You may be eligible for this treatment if you have:

- been a DB member since 12 May 2009;
- not had a substantial change to the rules that apply to your benefit since that date; and
- not had a non-arm's-length change to your salary of more than 50% in a year, or 75% in three years, since that date.

HOW IS THE ATO ADVISED ABOUT MY NOTIONAL TAXED CONTRIBUTIONS?

The Fund reports the total amount of your employer contributions to the ATO each year. This report includes your notional taxed contribution amount.

HOW WILL I BE NOTIFIED IF I EXCEED THE CAP?

Super funds report all contributions made on your behalf to the ATO and the ATO determines when a cap has been exceeded. If you exceed the contributions caps, the ATO will assess the amount of tax that will apply. The ATO will then issue you with an assessment. If you are dissatisfied with the ATO's assessment, you may lodge an objection to it or, in special circumstances apply to have contributions disregarded or reallocated to another financial year.

IF YOU EXCEED THE CONTRIBUTIONS CAPS

If you exceed either of your contributions caps, your excess contributions may be subject to much higher tax. It is your responsibility to monitor and control your super contributions each year. For more information about the contribution caps, you can download the *How Super Works* Guide from **energysuper.com.au**

As a DB member, you are faced with a more complex task when monitoring your concessional contributions limit. This is due to the inclusion of a notional taxed contribution amount that is deemed to have been paid by your employer, irrespective of the amount they actually paid. This notional amount is included with any other contributions that count towards your concessional contributions cap.

If you exceed the concessional contributions cap, excess contributions will generally be subject to tax at your marginal tax rate plus an interest charge and will also count towards the non-concessional contributions cap. See the *How Super Works* Guide for more information.

HOW YOUR SUPER IS INVESTED

Compulsory contributions made by you and your employer to fund your DB are invested in the DB investment pool.

Any additional contributions or rollovers are invested in the Accumulation investment option that applies to you. Please refer to the *Energy Super Investment* Guide, latest *Annual Report* and our website at **energysuper.com.au** for details of available investment options, performance and fees.

DB INVESTMENT POOL

The DB investment pool is used to pay the defined benefits of all DB members when their benefit is payable.

The Trustee of the Fund sets the investment strategy for this pool of money.

The following is an outline of the investment objectives and strategy set by the Trustee for the DB investment pool.

Objectives

This option aims to:

- provide similar investment returns as the Capital Managed investment option; and
- achieve returns (after tax and other costs) over rolling ten-year periods of 2% above CPI[1].

Minimum suggested investment time frame

Three years

Risk level[2]

Medium

Risk band[2]

4

Risk of negative annual return (estimated number of negative annual returns over any 20-year period)

2.4

[1]CPI is measured by the All Groups Consumer Price Index for Australia.

[2]See Standard Risk Measure on the next page.

STRATEGY

To achieve these objectives, the Trustee will invest primarily in shares, property and alternative assets with some allocation to fixed interest and cash assets to provide some stability of returns.

HOW THE DB UNIT PRICE IS CALCULATED

The DB investment pool unit price, the Three Year Average, is calculated by averaging the net effective earning rates for the last three years (subject to any adjustments the Trustee considers appropriate, having regard to the financial position of the investment pool). The unit pricing policy may be changed from time-to-time.

STANDARD RISK MEASURE

The risk band and risk level refer to what is known as the **Standard Risk Measure (SRM).**

The seven risk bands and risk levels are shown in the table below.

Risk band	Risk level	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The SRM is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

For more information on how the SRM is calculated, visit the **Managing your super – investment options** page at **energysuper.com.au**

YOUR BENEFITS

You may be entitled to a benefit:

- when you retire (ages 55 - 70);
- if you become temporarily disabled;
- when you die;
- if you become totally and permanently disabled;
- if you are retrenched or leave your employer due to serious ill health; or
- if you resign before retirement.

Please note: In some situations, access to your benefit is subject to preservation restrictions. For more information, see page 14.

Your benefit entitlements in the Fund are summarised below.

RETIREMENT (AGES 55 - 70)

If you retire from employment between ages 55 and 70, your retirement benefit will be calculated as follows.

Retirement benefit = Final Average Salary (FAS) x Member's Benefit Multiple (MBM)

Subject to:

1. the benefit being a minimum of 2.5 times the balance in your member account* immediately before you reach age 55; and
2. the benefit being no less than your Minimum Requisite Benefit (MRB) as is determined by the Fund's Actuary.

MBM = Your membership period in years (or part thereof) x 19.5%**

FAS = The average of your superannuation salary^ over the last one year (or two years for some members) of membership.

**Your member account consists of your compulsory contributions and investment returns less tax deductions. This account is invested in the DB investment pool.*

***Some members may have a different accumulation rate to the standard 19.5%.*

^Your employer will advise the Fund of the salary that is to be used in accordance with the terms of the Trust Deed and relevant Government legislation.

In addition to this, you will also receive the balance, if any, of your separate accumulation style account.

Please refer to your *Annual Statement* each year for the specific details of your DB.

EXAMPLE

Fred retires on his 63rd birthday. He joined Energy Super DB on his 29th birthday. This means he worked for his employer for 34 years.

Therefore, his MBM is 34 years x 0.195 (19.5%), which equals 6.63.

If Fred's FAS was $65,000, then his Retirement benefit would be $430,950 i.e. 6.63 x $65,000 = $430,950.

The balance of Fred's member account immediately before he reached age 55 was $69,101.

$69,101 x 2.5 = $172,752. $172,752 is less than Fred's Retirement benefit calculated using FAS x MBM (calculated above).

The Fund's Actuary determined that Fred's MRB was $163,589. $163,589 is also less than Fred's Retirement benefit using FAS x MBM (calculated above).

At the time Fred retired, he had $50,876 in his Energy Super accumulation account.

Therefore, Fred's total Retirement benefit is $481,826 (i.e. $430,950 + $50,876 = $481,826).

Your MBM stops growing at age 70#. When you reach age 70#, your account will be moved from the DB section to the DC section of the Fund. Your benefit will be invested in the Cash Enhanced investment option effective the day you turn 70# until you make an investment choice. For more information, refer to **Exiting from the Defined Benefit section** on page 14.

#Age 65 for employees of NRG Gladstone Operating Services.

SUPERANNUATION SALARY

Your superannuation salary is defined in the Trust Deed and may be equal to or different from your Ordinary Time Earnings (OTE). Your employer will advise the Fund of the salary that is to be used for the purposes of determining your superannuation benefits and contributions.

MINIMUM REQUISITE BENEFIT

Each year the Fund's Actuary calculates the amount the DB member would have received if the DB member was receiving SGC. If the Minimum Requisite Benefit (MRB) is higher than the DB formula, the DB member receives the MRB.

YOUR BENEFITS CONT.

TEMPORARY DISABLEMENT BENEFIT

A temporary disablement benefit is available (paid as a fortnightly benefit) if*:

- you are less than 65 years old; and
- you have been absent from work due to disablement for a continuous period of 30 days; and
- you have used up all of your paid sick leave; and
- the disablement is accepted by our insurer, as you are temporarily incapable of carrying out the duties of your office or position.

The amount of the benefit is 80% of your superannuation salary at the time you became entitled to the benefit. The benefit payable may be reduced if you are receiving benefits from other sources. The maximum benefit, including other benefits, cannot exceed 80% of your superannuation salary.

The benefit will continue to be paid even if your employment ceases for any reason, but will cease at the earlier of:

- two years; or
- the date you return to work; or
- the date the Trustee and our insurer, (after taking into consideration relevant medical evidence) determines you are eligible to return to work; or
- you reach age 65; or
- your death; or
- you becoming Totally and Permanently Disabled, under the terms of a group life insurance policy applicable to you.

While this benefit is being paid, no member contributions are payable and current medical certificates must be provided for the duration of the payment period.

Your DB membership means that you do not pay for your temporary disablement cover.

If you exit the Energy Super DB section of the Fund at any time and stay in Energy Super, you can access the full range of Income Protection insurance cover that is offered to Accumulation members (see the **Exiting from the Defined Benefit section** on page 13 for more details).

**Members employed by NRG Gladstone Operating Services are not eligible for temporary disablement cover.*

Income Protection to age 65

If you are in regular employment and working an average of at least 14 hours per week, you can also apply to extend your temporary disablement benefit payment period beyond the original two year (104 weeks) payment period to age 65, subject to OnePath's Life Limited underwriting (medical assessment) conditions and acceptance.

To be able to pay for this option, you must have sufficient funds within an Energy Super Accumulation account. Insurance costs are deducted monthly from your Accumulation account. If you would like to find out more about Energy Super's Income Protection insurance cover to age 65, please see the *Energy Super Insurance* Guide available online at **energysuper.com.au**

DEATH BENEFIT

A Death benefit will be paid to your dependants, or your Legal Personal Representative, if you die while you are a member of the Fund.

The benefit is calculated as follows.

If you are aged 60 or younger at the date of your death:

Death benefit = MBM (at age 60) x Projected FAS

Subject to:

1. the benefit being a minimum of 2.5 times the balance of your member account immediately before you reach age 55; and
2. the benefit being no less than your Minimum Requisite Benefit (MRB) as determined by the Fund's Actuary.

MBM = your Membership Period (if you had worked to age 60) x 19.5%*.

FAS = is the Final Average Salary you would receive at age 60 assuming your superannuation salary at the date of your death remained unchanged to your 60th birthday.

**Some members may have a different accumulation rate to the standard 19.5%.*

In addition, your dependants or your estate may also receive the balance, if any, of your separate Accumulation account.

If you are over age 60 at the date of your death:

The Death benefit is your Retirement benefit calculated as at the date of your death. Please refer to your Annual Statement each year for specific details about your Death benefit.

On your death (when we receive the evidence we request), your benefit will be transferred to the Cash Enhanced investment option until we determine who the benefit is to be paid to and until we process the payment.

EXAMPLE

Wilma died when she was 54. Because she joined the Energy Super DB on her 29th birthday, her membership period to age 60 would have been 31 years. Therefore, her MBM at age 60 is 31 years x 0.195 (19.5%), which equals 6.045.

If Wilma's superannuation salary at the date of her death was $55,000, then her FAS at age 60 would be $55,000 and her death benefit would be $332,475 (i.e. 6.045 x $55,000).

The balance of Wilma's member account immediately before she reached age 55 was $54,256.

$54,256 x 2.5 = $135,640. $135,640 is less than Wilma's Death benefit calculated using MBM at age 60 x projected FAS (calculated above).

The Fund's Actuary determined that Wilma's MRB was $150,325. $150,325 is also less than Wilma's Death benefit calculated using MBM at age 60 x projected FAS (calculated above).

At the time Wilma died, she had $100,579 in her Energy Super Accumulation account.

Therefore, Wilma's total Death benefit is $433,054 (i.e. $332,475 + $100,579).

TOTAL AND PERMANENT DISABLEMENT (TPD) BENEFIT

The benefit payable for TPD is a lump sum calculated in the same way as your Death benefit.

Generally, this benefit arises when, in the opinion of the Trustee and (for the part of this benefit that is insured) the insurer, after taking into account relevant medical evidence, you are considered to be totally and permanently disabled.

You would be considered to be totally and permanently disabled if you meet the relevant TPD definition in place at the time of your disablement. For further details of the TPD definitions, please refer to the *Energy Super Insurance* Guide.

For the Fund to release the funds in your Energy Super account, the Trustee must also be reasonably satisfied that you have met the definition of Permanent Incapacity. Under the *Superannuation Industry (Supervision) Act 1993* (SIS Act), the definition of 'Permanent Incapacity' is when:

A member's ill-health (whether physical or mental) makes it unlikely that they will engage in gainful employment for which they are reasonably qualified by education, training and experience.

You will need to provide certification by two Medical Practitioners that you meet this permanent incapacity definition. Further evidence may be required to demonstrate that you meet a relevant TPD definition.

Your DB membership in the Fund includes a Death or TPD benefit cover until you are 60 years of age. This benefit cover will also cease 60 days after you leave the DB section of the Fund.

If your Death & TPD cover is not enough for your circumstances, i.e. you need additional insurance cover, you can apply for more Death & TPD cover. You have to pay for this insurance and it is subject to the insurers's underwriting (medical assessment) conditions. Additional Death & TPD cover is available until age 70.

For more information about the Fund's Death & TPD insurance offer and how much it costs, you can download the *Energy Super Insurance* Guide available from **energysuper.com.au**.

To be able to pay for this option, you must have sufficient funds within an Energy Super Accumulation account. Insurance costs are deducted monthly from your Accumulation account.

If you are exiting the Energy Super DB and become a Accumulation member, you may have options to take up a certain level of insurance cover without being subject to underwriting conditions. See more about your options in the **Exiting from the Defined Benefit** on page 13.

RETRENCHMENT OR LEAVING YOUR EMPLOYER DUE TO SERIOUS ILL HEALTH

This benefit is available if you are under age 55 and:

- you have been informed that your employment will cease due to retrenchment or the Trustee has determined, after receiving the necessary medical evidence, that you are eligible to receive an ill-health benefit; and
- you are not eligible for a TPD benefit.

The benefit is calculated as:

MBM x FAS x FACTOR

Subject to:

1. the benefit being a minimum of 2.5 times the balance in your member account immediately before you reach age 55; and
2. the benefit being no less than your Minimum Requisite Benefit (MRB) as determined by the Fund Actuary.

MBM = Your membership period in years (or part thereof) x 19.5%*.

FAS = The average of your superannuation salary over the last one year (or two years for some members) of membership.

FACTOR = see table below.

**Some members may have a different accumulation rate than the standard 19.5%.*

Member's reserve factor table

Age	Factor	Age	Factor
40 or less	0.70	48	0.86
41	0.72	49	0.88
42	0.74	50	0.90
43	0.76	51	0.92
44	0.78	52	0.94
45	0.80	53	0.96
46	0.82	54	0.98
47	0.84	55 or over	1.00

***Please note:** The Factor reduces by 0.02 for every year that the member is younger than age 55.*

In addition, you will also receive the balance, if any, of your separate Accumulation account.

If you are over age 55 and you are retrenched or considered by the Trustee to suffer serious ill health, then the benefit payable will be your Retirement benefit.

RESIGNATION BEFORE RETIREMENT

A resignation benefit will be payable if you leave your employer before retirement and do not qualify for any other benefit. The benefit will be calculated in the same way as the retrenchment benefit.

If you resign from your employer, you may remain in the DB section of the Fund if you go to work for another Energy Super employer that is currently participating in the DB section of the Fund. You may, with the agreement of that employer and the Trustee, transfer and retain your DB with your new employer. Otherwise, your membership will be transferred to the DC section of the Fund which is an accumulation-style superannuation benefit. You may continue to contribute to your new DC account, subject to eligibility requirements. If you join a new employer, they may also contribute to the Fund if choice of fund applies.

YOUR BENEFITS CONT.

EXAMPLE

Barry turned 45 at the date he became eligible for an ill-health benefit. He joined the Energy Super DB on his 25th birthday i.e. 20 completed years of service.

Therefore, his MBM at the date of leaving is:

20 years x 0.195 (19.5%) = 3.90.

At age 45, Barry's factor according to the table on page 10 is 0.80.

Barry's FAS at the date of leaving is $75,000, which means his ill-health benefit would be $234,000 (i.e. 3.90 x $75,000 x 0.80).

The balance of Barry's member account immediately before he reached age 55 was $80,124.

$80,124 x 2.5 = $200,310. $200,310 is less than Barry's ill-health benefit calculated using FAS x MBM x FACTOR (calculated above).

The Fund's Actuary determined that Barry's MRB was $118,058. $118,058 is also less than Barry's ill-health benefit calculated using FAS x MBM x FACTOR (calculated above).

At the time Barry became eligible for an ill-health benefit, he had $100,889 in his Energy Super Accumulation account.

Therefore, Barry's total ill-health benefit is $334,889 (i.e. $234,000 + $100,889 = $334,889).

OTHER FACTORS AFFECTING BENEFITS

Superannuation contributions surcharge

Superannuation contributions surcharge is an additional tax that may be applied to employer contributions, eligible termination payments and member before-tax (salary sacrifice) contributions received between 1996 and 30 June 2005. The surcharge tax was automatically applied to members' accounts if they did not provide their Tax File Number (TFN), or if they reached the relevant income tax threshold.

For DB members, any surcharge paid to the ATO on your behalf is deducted from any available Accumulation monies. Where there is insufficient monies in the Accumulation account, the rest of the surcharge will be offset against your defined benefit and will accumulate with interest based on the Three Year Average unit price as a Surcharge Offset. The balance of this offset is then deducted from the member's benefit at the time the benefit is paid. If the DB member wishes to make additional contributions, or rolls other super benefits into their Accumulation account, they can request in writing to use these monies towards repaying the offset at any time. (Note that any additional contributions are subject to the applicable contributions cap.) The repayment is processed using the last available unit price at the date of the transaction.

The surcharge rate was reduced to zero from 1 July 2005. However, the Fund is still receiving assessments relating to contributions and eligible termination payments made prior to 1 July 2005. If you have ever had a surcharge assessment that has not been cleared by additional contributions, your Surcharge Offset Account may continue to increase and will be deducted from your benefit when it becomes payable.

If you have a Surcharge Offset Account, the balance is indicated on your annual member statement, as a debit to your benefit. The Fund strongly recommends you seek appropriate financial advice before taking any action.

Family Law

If you have a family law split, the amount payable to the receiving partner is withdrawn from your Accumulation account first and any remaining split is offset against your DB and will accumulate with interest based on the Three Year Average unit price as a Family Law Offset.

The balance of this offset is then deducted from your benefit at the time the benefit is paid. However, if you have funds in an Accumulation account, make additional contributions, or roll in other super benefits, you can request in writing to have some or all of the offset cleared any time during the year. The repayment is processed using the last available crediting rate at the date that the transaction is processed. The Fund strongly recommends you seek appropriate financial advice before taking any action. For more information, see the *Superannuation and Family Law* Fact Sheet which is available at **energysuper.com.au**

Part-time work or reduced salary

If you are approaching retirement and wish to adopt a phased retirement approach whereby you may change to part-time work, or switch to another role with your current employer at a reduced salary, your DB will most likely be a different amount compared to your projected outcome if you had continued to work at full capacity until you retire. For more information, see the *Defined Benefit Member Working Less* Fact Sheet which is available at **energysuper.com.au**

If you take leave without pay

You are still required to make your compulsory member contributions and your benefit entitlements will continue unaffected where you take approved:

- leave without pay of any type for less than 2 weeks; or
- sick leave without pay for 2 weeks or more and are not receiving a temporary disablement benefit from the Fund.

f you take another type of approved leave without pay for longer than two weeks, your entitlement to Death, temporary disablement and TPD benefits may continue, providing you arrange this with your employer prior to going on leave and you pay both your compulsory member contributions and your employer's contribution for that period.

If you choose not to pay both your member contributions and your employer's contribution, your MBM (membership period) will cease accumulating for the duration of your leave and your death and disablement cover may stop.

If you plan to go on unpaid leave, you need to make arrangements with your employer and us —as well as advising both your employer and us of the date you plan to return to work. Your employer will confirm with us when you resume paid work.

NOMINATING YOUR BENEFICIARIES

You have the option of nominating your beneficiaries using a:

- non-binding Death benefit nomination;
- binding Death benefit nomination; or
- non-lapsing Death benefit nomination.

If you do not make a nomination, or your nomination becomes invalid, in the event of your death, the Trustee must pay your benefit to your Legal Personal Representative or to any dependants (if they can be found). If there are no dependants and no Legal Personal Representative, the Trustee must pay your benefit to any other person(s) as permitted by law.

The most appropriate nomination will depend on your personal circumstances. As there may be taxation, Centrelink and other implications to consider, we recommend that you seek professional legal, taxation and financial advice before making your nomination.

In most cases, the Death benefit will be paid as a lump sum. However, the Trustee can pay the benefit as an income stream if requested by the beneficiary and if the beneficiary is eligible to receive your Death benefit as an income stream.

WHO YOU CAN NOMINATE

Your Death benefit can be paid to your dependants or your Legal Personal Representative. Under superannuation law, your dependants are:

- your "spouse" (see definition below);
- your "children" (see definition below);
- anyone who is in an interdependent relationship with you; or
- any other person who is financially dependent on you at the time of your death.

Two people will have an interdependent relationship if:

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

Interdependency can also apply in the case where a close personal relationship exists, but other requirements for interdependency are not satisfied because either or both people suffer from a physical, intellectual or psychiatric disability.

A Death benefit can be paid to any of the above dependants as an income stream provided that, if they are your child, they are:

- less than 18 years of age; or
- aged between 18 and 24 (inclusive) and financially dependent upon you; or
- aged 18 or more and have a qualifying disability under the *Disability Services Act 1986*.

Unless your "child" has a qualifying disability, the Death benefit income stream must cease and be paid out as a lump sum when the "child" turns 25.

DEFINITIONS

Beneficiary: A person whom you want to have the benefit of your super when you die.

Child(ren): In addition to any natural child of the member, a child can be:

- an adopted child (adopted by the member under State legislation); or
- a step-child (this means a child whose natural parent is alive and married to the member at the time of the member's death); or
- a child of the member's spouse; or
- a child born by artificial procedures during a relationship with the member.

Legal Personal Representative: The executor of your estate when you die leaving a will, or your administrator when you die without a will (known as intestate).

Spouse:

- A person who is married to a member, (valid under the *Marriage Amendment Act 2017* (CTH)]; or
- with whom the member is in a relationship that is registered under a law of a state or territory [e.g. the *Civil Partnerships Act 2011* (QLD)]; or
- who, although not legally married to the member, lives with the member on a genuine domestic basis in a relationship as a couple.

HOW TO MAKE A NOMINATION

A **non-binding Death benefit nomination** is not binding on the Trustee, meaning the Trustee has the discretion to decide who will receive your Death benefit. On your death, the Trustee will consider your nomination but will take into account a range of other factors (such as the personal circumstances of your dependants) when making a decision about who will receive your benefit.

A non-binding Death benefit nomination can be made or updated any time. To make a non-binding Death benefit nomination, simply log in to the Member Portal, or complete a *Non-binding Death Benefit Nomination* Form available at **energysuper.com.au**.

A valid **binding Death benefit nomination** is binding on the Trustee. This means that the Trustee must pay your Death benefit in accordance with your instructions, without taking into account any other factors. Your binding nomination must be made using the Trustee's approved form and be witnessed by two people over the age of 18 years who are not your beneficiaries. Binding nominations expire after three years and will also become invaild if any person nominated as your dependant (under superannuation law) dies or ceases to be your dependant. Every year, we will notify you of the details of your binding nomination and its expiry date.

A binding Death benefit nomination can be made or updated at any time. To make a binding Death benefit nomination, simply download and complete a *Binding Death Benefit Nomination* Form from the Energy Super website, **energysuper.com.au**.

A valid **non-lapsing Death benefit nomination** is also binding on the Trustee. The Trustee will pay your Death benefit in accordance with your instructions if the Trustee has consented to the nomination and it is still valid. We will notify you after receiving the nomination to let you know whether the Trustee has consented to the nomination.

Unlike a binding nomination, a non-lapsing nomination will not expire after three years. However, a non-lapsing Death benefit nomination will become invalid if:

- you nominated your "Spouse" and they cease to be your "Spouse" (e.g. you divorce) or you become permanently separated from them;
- you commence a relationship with a "Spouse" who is not named in the nomination; or
- any person nominated as your dependant (under superannuation law) dies or ceases to be your dependant.

Therefore it's important that you review your non-lapsing Death benefit nomination regularly to ensure that it is still valid and reflects your wishes. Every year, via your *Annual Statement*, we will notify you of the details of your non-lapsing Death benefit nomination.

A non-lapsing Death benefit nomination can be made or updated at any time. To make a non-lapsing Death benefit nomination, simply download and complete a *Non-lapsing Death Benefit Nomination* Form available at **energysuper.com.au**

EXITING FROM THE DEFINED BENEFIT

If you leave your current employer or turn 70*, you will—in most cases—have to exit from the Energy Super DB. Before making a decision to leave your employer, or exit the DB, you should understand how your superannuation will change and what benefits you may be losing. You have the following options available to you should you change employers or wish to exit from the DB:

- If you continue employment with an Energy Super employer who maintains a DB arrangement in the Fund, you may be able to transfer to your new employer's DB.
- In all other cases, your super will be automatically transferred to an Energy Super Accumulation account where you can continue to contribute to your super until we receive other instructions from you.

When you transfer to an Accumulation account, your DB will be invested in the default option until you make an investment choice. The Fund's default option when transferring from DB to the Accumulation is Cash Enhanced. If you leave your employer, your accumulation benefit will remain invested in the same investment option/s you have selected. However, if your investment option/s are either Capital Guarantee or Smoothed Return, it will default to Cash Enhanced or MySuper respectively.

*Age 65 if you are employed by NRG Gladstone Operating Services.

BECOMING AN ENERGY SUPER ACCUMULATON MEMBER

Becoming an Energy Super Accumulation member is easy. If you are exiting the DB but staying with the same employer, or you are starting employment with another participating Energy Super employer in the Fund, your employer will notify us and commence making contributions on your behalf. The proceeds of your crystallised DB account will be retained in your new Accumulation account, where your future employer and voluntary contributions will also accumulate.

INSURANCE

Continue your previous level of cover

If you transfer to an Accumulation account, you can choose to continue your insurance cover at an equivalent level to your previous DB Death, temporary disablement or TPD benefits. You must continue this cover within 30 days of us closing your DB account to obtain this cover without having to be underwritten by the Insurer. We will write to you with the amount of insurance cover you are eligible to continue within your Accumulation account, and advise you of the date you need to have contacted us with your preference. After the 30 day grace period, you will be required to complete a *Personal Statement* and may have to undergo a medical examination before you are accepted by the Insurer. We will write to you when you cease employment to confirm your insurance options, and to provide you with the option to continue your cover. The costs of this cover will be paid by you.

Commencing or increasing your insurance

If you transfer to an Accumulation account, you can apply any time for Death, TPD or Short Term Income Protection cover up to age 70*. The Fund's personal insurance offer to Accumulation members is both flexible and cost effective.

More information about insurance available to accumulation members can be found in the *Energy Super Insurance* Guide available on our website at **energysuper.com.au**

*Age 65 if you are employed by NRG Gladstone Operating Services.

FEATURES OF MEMBERSHIP

As an Accumulation member, you can:

- choose where your money is invested (an option not available to you as a DB member). You can switch your options at any time. No switching fee is applies;
- direct your employer, if applicable, to make Superannuation Guarantee and other contributions to your Energy Super account;
- make salary sacrifice contributions (with your employer's agreement);
- make after tax contributions;
- your spouse is able to join the Fund and make contributions (see page 4 for details);
- withdraw your Unrestricted Non-Preserved superannuation;
- rollover money out of the Fund at any time;
- review your personal insurance cover and make changes to suit your new situation after exiting the DB section of the Fund; or
- remain in the Fund after you retire and access your super as a lump sum or an income stream (age limits apply).

CLAIMING YOUR BENEFIT

PRESERVATION

Because superannuation is intended to be a long-term investment, the Federal Government requires that it remain "preserved" in a super fund until you meet a condition of release. Conditions of release are usually age based, meaning you must meet preservation age before you can access your benefit.

Preservation simply means that your money must stay in the superannuation system. It does not mean that it must stay within a particular fund or investment style.

Once you meet a condition of release, you can either withdraw your monies, or leave them in the Fund.

Money in superannuation is made up of three different preservation components. These components can be accessed at different times.

- **Unrestricted Non-Preserved benefits** – These are benefits contributed prior to preservation rules, or benefits that you have voluntarily kept in super after you met a condition of release. These can be accessed at any time.
- **Restricted Non-Preserved benefits** – These are benefits that are not preserved, but may be linked to employment with your contributing employer, or other fund rules which restrict access to the benefits. Once you have left your employer, or met another condition of release, these benefits can then be accessed.
- **Preserved benefits** – These are benefits that must remain preserved in superannuation until you satisfy a condition of release.

Your *Annual Statement* shows the amount held in each component (if more than one) at the end of the financial year. You can obtain up-to-date information about your preservation components by logging onto the *Member Portal.*

PRESERVATION AGE

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

Accessing your benefits

You can only access your preserved benefits if:

- you leave your employer after turning age 60; or
- you are aged 65 or over (Accumulation account only); or
- you have reached your preservation age, and you take your benefit as a Transition to Retirement (TTR) Income Stream (Accumulation account only); or
- your death, total and permanent disablement or terminal illness occurs; or
- your account balance is less than $200 and you leave your employer; or
- financial hardship or compassionate grounds apply (Accumulation account only); or
- on permanent departure from Australia if you are an eligible temporary resident*.

**If you are a temporary resident in Australia, please read the How Super Works Guide as special conditions apply.*

If any part of your benefit is classified as Restricted Non-Preserved you will be able to access that amount on leaving your employer at any age. If any part of your benefit is classified as Unrestricted Non-Preserved you may be able to withdraw that amount at any time. Your *Annual Statement* will identify whether any amount of your benefit is classified Restricted Non-Preserved or Unrestricted Non-Preserved. For more information, please read our *How Super Works* Guide, which can be downloaded from our website at **energysuper.com.au**

TAKING YOUR BENEFITS

Most of your super is subject to preservation throughout your working life. You will only be able to cash amounts that are Unrestricted Non-Preserved. The balance must remain in your superannuation account until you retire or satisfy some other condition of release (see **Preservation** on page 14 for details).

CASH WITHDRAWAL

The Fund permits you to access your Unrestricted

Non-Preserved superannuation at any time. Your *Annual Statement* will show if you have any Unrestricted Non-Preserved amounts. If you choose to withdraw cash, then tax may be deducted. If you wish to arrange this, you should complete a *Benefit Payment Request - Partial Withdrawal* Form.

IF YOU WISH TO RETIRE

The Fund recommends you seek financial advice before retiring so that you can structure your retirement income to get the most out of your retirement. The Fund provides access to a team of financial advisers who can help you with tax, Centrelink, estate planning and other retirement issues.

You can use part or all of your lump sum entitlement to purchase an Energy Super Income Stream. If you do so, you continue to be a member of the Fund.

When you leave your employer, all your DB benefit will be transferred into an Energy Super accumulation account where it can remain while you make your retirement arrangements. If you wish to commence an Energy Super Income Stream, you need to complete the relevant application form and *Tax File Number Declaration* Form, if applicable.

IF YOU WISH TO START A TRANSITION TO RETIREMENT (TTR) INCOME STREAM

A TTR Income Stream is an option available once you reach

your preservation age (between 55 to 60 years, depending on your date of birth). It allows you to access some of your super as an income stream to supplement your income before you permanently retire from the workforce. This means you may continue working, perhaps in a reduced capacity, and supplement your earnings with an Income Stream.

If you decide to open a TTR Income Stream, special conditions will apply. You generally won't be able to cash out your benefit as a lump sum until you have permanently retired from the workforce or met another condition of release.

You cannot access the DB component of your DB account to start your income stream. Only the accumulation portion of your account (i.e. voluntary contributions and/or rollovers) can be used.

Alternatively, depending on your circumstances and subject to agreement with your employer, you can transfer your total DB account to an Accumulation account and use $10,000 or more of this money to commence an Energy Super TTR Income Stream.

However, transferring from your DB account to an Accumulation account may have an impact on the value of your superannuation benefits and your insurance coverage.

If you switch out of your DB account, you cannot transfer your money back at a later date.

It is recommended that you seek advice from a licensed financial adviser before you make any decision in this regard.

As there are particular forms that need to be signed by your employer to undertake the transfer process from Defined Benefit to Accumulation, please contact The Fund for further information.

Please note: *It is important that you notify your employer when you wish to transfer to the Accumulation section of the Fund. This is essential as your employer needs to complete the relevant paperwork to terminate your DB account and change payroll systems to pay the appropriate contributions to your new DC super account. Depending on your pay frequency, this may have an effect on when your TTR Income Stream commences.*

For more information, see the *Transition to Retirement Income Stream* Fact Sheet available online at **energysuper.com.au**

TRANSFERRING TO ANOTHER SUPER FUND

You are able to request that all or part of your Accumulation account balance be transferred to another super fund of your choice. If you wish to arrange this, you should complete a *Benefit Payment Request* Form.

However, you should be aware that the Trustee can refuse your rollover request if:

- the Trustee has already complied with a transfer request for you within the previous 12 months;
- you request to rollover or transfer only part of your account balance and the amount remaining would be less than $6,000; or
- the fund you nominate refuses to accept the rollover or transfer.

For further information on transferring your superannuation, including how this will impact on your remaining superannuation entitlements—such as your insurance benefits and any withdrawal fees that may apply, contact our Energy Super team and speak to one of our friendly staff who are qualified to answer your questions.

If you transfer your entire super out of the Fund, your account will be closed. You must leave at least $6,000 in your account to keep your Energy Super account open. The Trustee also reserves the right to limit the number of benefit payments a member can make each financial year, if they are deemed to be excessively withdrawing or transferring benefits.

TAXATION

This section is intended to set out the significant tax arrangements in relation to super. It is not intended to be a guide to your own personal tax situation.

TAX ON CONTRIBUTIONS

Because super is a concessionally taxed environment (meaning the tax is generally lower than you would pay for other income or investment earnings), the Federal Government has set caps on the total value of contributions that you can make or receive without being charged additional tax. For more information, you can download the *How Super Works* Guide from our website at **energysuper.com.au**.

TAX ON CONCESSIONAL CONTRIBUTIONS

Division 293 tax is an additional tax on super contributions, which reduces the tax concession for individuals whose combined income and contributions are greater than the Division 293 threshold, currently the threshold is $250,000.

This additional Division 293 tax means that you pay 30% contributions tax on your concessional contributions. However, if your concessional contributions are what take you over the $250,000 threshold, then you will only pay the additional tax on the part of the contribution that takes you over the threshold. This equates to 15% for your taxable contributions above the $250,000.

For more information on Division 293 tax, visit the ATO website - **ato.gov.au**

If you exceed the concessional contributions cap, excess contributions will be included in your assessable income with a 15% tax offset and subject to tax at your marginal tax rate. You will also be liable for an interest charge, known as the excess contributions charge.

TAX ON NON-CONCESSIONAL CONTRIBUTIONS

If you exceed the non-concessional contributions cap, excess contributions will be subject to excess non-concessional contributions tax of 47% for 2020/21 (including Medicare levy) unless you elect to release the contributions and associated earnings.

TAX ON INVESTMENT EARNINGS

In order to encourage Australians to invest more for retirement through super, the Government provides tax concessions on the investment returns earned by super funds. This means that super funds may pay less tax than non-super investors on the same investment.

Investment earnings (for example dividends, interest, or rent) outside of superannuation will generally attract tax at your marginal tax rate, which can be up to 47% for 2021/22 (including Medicare levy) depending on your taxable income.

The taxation rate for super fund investment earnings is capped at 15%, and the effective rate applied may sometimes be lower due to franking credits etc. This tax concession is included in the investment returns calculated and applied to your account as crediting rates. Investment returns in retirement income stream accounts (excluding Transition to Retirement income streams) are tax free. Super members do not pay tax directly on the investment returns they receive in the Fund, and these do not need to be declared on your tax return.

TAX ON WITHDRAWALS

Benefits paid from a taxed superannuation fund, such as the Fund, are tax free when paid to members aged 60 and over.

TAX ON LUMP SUM WITHDRAWALS

The maximum tax rates that will apply to lump sum withdrawals in the 2021/22 financial year are shown in the table below.

Age or circumstance of payment	Taxable component	Tax-free component
Under preservation age	20%#	Tax free
Preservation age to age 59	Tax free up to the low rate cap.* Amounts above the low rate cap* will be taxed at 15%#	Tax free
Age 60 and over	Tax free	Tax free
Total benefit under $200 (any age)	Tax free	Tax free
Terminal illness benefit	Tax free	Tax free
Departed temporary residents (DASP payment) (any age)	35% taxed element 45% untaxed element	Tax free
Departed working holiday makers who hold a subclass 417 or 462 visa (DASP payment) (any age)	65%	Tax free

**The low rate cap is $225,000 for 2021/22. If you have previously received benefits that have been applied to the low rate cap, the amount of the cap available to you will be reduced by those amounts.*

#Plus Medicare levy.

TAX ON DEATH BENEFITS

The tax payable, if any, on your benefits in the event of your death, depends on who receives the Death benefit and in what form it is paid (lump sum or income stream).

Lump sum benefits paid to dependants (as defined by tax law) on the death of a member are currently tax-free. However, anyone who is not a dependant for tax purposes, may be required to pay some tax on the amount they receive.

Definition of dependants (for tax purposes only)

For the purposes of determining the tax payable on your benefit, your dependants are:

- your children under the age of 18;
- your spouse or former spouse;
- any person with whom you had an interdependency relationship; and
- any person who was financially dependent on you at the time of your death.

Two people will have an interdependency relationship if:

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

TAXATION CONT.

The maximum tax rates that will apply to Death benefits in the 2021/22 financial year are shown in the below tables:

Lump sum Death benefit

Situation	Taxable component	Tax-free component
Beneficiary is a tax dependant	Tax free	Tax free
Beneficiary is not a tax dependant	Taxed element**:15%# Untaxed element**:30%#	Tax free

*** Where insurance proceeds are included in the Death benefit, the Taxable component may be split into Taxed and Untaxed elements.*

#Plus Medicare levy. Medicare levy is not payable where the benefit is paid to the deceased's Estate.

Income Stream Death benefit

Situation	Taxable component	Tax-free component
Either the deceased or the beneficiary is aged 60 or over	Tax free	Tax free
Both the deceased and beneficiary are aged under 60	Marginal tax rates with a 15% tax offset#	Tax free

#Plus Medicare levy.

TAX ON TEMPORARY DISABLEMENT PAYMENTS

Temporary disablement payments will generally be taxed at your marginal tax rate.

If you lodge a temporary disablement claim, we will ask that you complete a *Tax File Number Declaration* Form (available from the ATO or from **energysuper.com.au**). While it is not compulsory that you complete this form, whether you do or don't will affect the rate of Pay As You Go (PAYG) tax which is deducted from your fortnightly temporary disablement payments.

At the end of the financial year, the Insurer will send you a payment summary to submit with your tax return.

If you do not complete a *Tax File Number Declaration* Form, the Insurer is required by law to withhold tax at the highest marginal tax rate.

PROVIDING YOUR TAX FILE NUMBER

The Fund is authorised to collect your Tax File Number (TFN) by tax laws, the *Superannuation Industry (Supervision) Act 1993* and the *Privacy Act 1988*.

By providing your TFN to the Fund, you will allow the Fund Trustee to use your TFN for any lawful purposes. This may include:

- calculating tax on any benefit to which you may be entitled;
- provision to the ATO for taxation and contribution limit purposes;
- provision to the ATO so they can determine whether you are eligible for a co-contribution payment;
- finding and amalgamating your superannuation benefits;
- provision to the ATO when you receive a benefit, or if your benefit is transferred to the ATO; or
- provision to another superannuation provider receiving benefits you may transfer (we won't pass your TFN to any other superannuation provider if you tell us in writing that you don't want us to pass it on).

You are not required to provide your TFN and declining to quote your TFN is not an offence.

However, if you choose not to provide your TFN to the Fund:

- We will not be able to accept any non-consessional contributions (including spouse contributions) on your behalf.
- Your taxable contributions received by us may be subject to additional tax of 30% plus Medicare levy (this is in addition to the 15% tax currently applicable to concessional superannuation contributions).
- You may pay more tax on your superannuation benefit than is necessary (you may be eligible to get this back at the end of the financial year in your income tax assessment).
- It may be more difficult to find your superannuation benefit if you change address without notifying the Fund.

The lawful purposes for which your TFN can be used and the consequences of not quoting your TFN may change in the future as a result of legislative change.

More information on Tax File Numbers for superannuation purposes can be obtained from the Australian Prudential Regulation Authority (APRA) on **1300 558 849** or the ATO on **13 10 20**.

We will advise you in your *Annual Statement* if we do not have your TFN. You can also check if we have your TFN at any time by logging onto the Member Portal.

FEES AND COSTS

THE COST OF PROVIDING YOUR DB

Due to the way that your Energy Super DB is structured, the fees and other associated costs of providing your DB are met from the DB investment pool. This includes:

- administration fees;
- investment management fees;
- Death & TPD benefits; and
- temporary disablement benefits.

If you have an Accumulation account, it will be subject to the fees and other associated costs as outlined in the *How Super Works* Guide.

WHO MANAGES THE FUND?

TRUSTEE

The Fund is managed by LGIAsuper Trustee (ABN 94 085 088 484) (AFSL 230511) (the Trustee), as trustee for LGIAsuper (ABN 23 053 121 564). The Trustee is responsible for managing Energy Super for the benefit of all members in accordance with the Trust Deed and relevant legislation.

TRUSTEE DIRECTORS

The Trustee has Employer Representative Directors, Member Representative Directors and Independent Directors.

The directors are named on the Fund's Energy Super website at **energysuper.com.au**.

TRUST DEED

The Trust Deed is the legal document that sets out the rights and duties of the Trustee, the members and contributing employers. It also sets out the rules for payment of benefits from the Fund.

The Trust Deed can be amended, for example, to reflect changes in legislation (you will be informed of significant amendments to the Trust Deed in the *Annual Report*).

SERVICE PROVIDERS

The Trustee uses a range of specialist, professional service providers (e.g. banker, auditor, actuary, investment managers etc.) to look after the Fund and its investments. A list of our service providers is available at **energysuper.com.au**

OTHER INFORMATION

TERMINATION OF THE ENERGY SUPER DB

The Trustee must terminate the Energy Super DB if all employers have ceased to participate or have ceased their contribution commitment to the Fund. In such an event, your entitlement will be the amount accrued as determined by the Fund's actuary in accordance with the Trust Deed. If the Fund's assets are not sufficient to cover all vested benefits, your entitlement will be proportionally reduced.

Your employer may cease to participate in the Fund by giving three months' notice.

LOANS

You cannot use your prospective superannuation benefits as security for a loan from any source nor can you borrow money from the Fund.

ENQUIRIES AND COMPLAINTS

If you have an enquiry or complaint, please contact the Fund:

Phone: 1300 436 374

Email: info@energysuper.com.au

Fax: (07) 3229 7523

Mail: Complaints Officer
Energy Super
GPO Box 1006
Brisbane QLD 4001

In person
Level 10, 123 Eagle Street
Brisbane QLD 4000

If we cannot respond to your complaint immediately, your complaint will be investigated and we will write to you advising you of the outcome.

How to take your complaint further

If you're not satisfied with our handling of your complaint, you are eligible to lodge a complaint with the Australian Financial

Complaints Authority (AFCA). AFCA provides consumers and small businesses with free, fast and binding dispute resolution for financial complaints.

Complaints can be lodged directly with AFCA, using AFCA's online complaint form, by sending a complaint by email or mail to AFCA, or by phoning AFCA.You can contact AFCA on:

Mail: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

Phone: 1800 931 678

Website: afca.org.au

Email: info@afca.org.au

For more information regarding complaints, please refer to **energysuper.com.au**.

PRIVACY STATEMENT – YOUR PRIVACY IS IMPORTANT TO US

The fund is committed to protecting the privacy of your personal information. When we collect your personal information, we will notify you or take steps to make you aware of the information we collect, how we will manage that information and how to contact us if you have any privacy concerns. You can also read our Privacy Policy at **energysuper.com.au/privacy-policy** or ask for a copy by contacting us on **1300 436 374** or **info@energysuper.com.au**

ENERGY SUPER
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PO Box 10530
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T 1300 436 374
E info@energysuper.com.au
W energysuper.com.au

Prepared and issued by LGIAsuper Trustee (ABN 94 085 088 484) (AFSL 230511) (the Trustee), as trustee for LGIAsuper (ABN 23 053 121 564) (RSE R1000160) (the Fund).
LGIAsuper is an authorised MySuper product provider (Product Number 23 053 121 564 638).

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