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Macmahon Employees Super PDS Additional Information Guide

30 September 2017

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The information in this document forms part of the Product Disclosure Statement(PDS) dated 30 September 2017 for the Macmahon Employees Super, Macmahon Super is a white label MySuper product of LESF ('Macmahon Super' or 'the Fund'). If you have any queries, would like further information, or a copy of the PDS, contact Macmahon Super Member Services Team by:

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1. Fees and Costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website, (www.moneysmart.gov.au), has a superannuation calculator to help you check out different fee options.

*The above Consumer Advisory Warning is a government prescribed warning. Macmahon Super does not negotiate fees and other costs with members or employers.

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Fund assets as a whole. The fees quoted in this section are exclusive of GST unless otherwise stated.

Macmahon Super		
Type of fee[1]	**Amount**	**How and when paid**
Investment fee	*MySuper: 0.50%* *Equities: 0.50%* *Conservative: 0.50%* *Cash: 0.20%* *High Growth: 0.50%* *Listed Property: 0.50%*	Deducted from the investment returns before the unit prices are determined and applied to your account.
Administration fee	0.83%	Deducted from the investment returns before the unit prices are determined and applied to your account.
Buy-sell spread	Nil	N/A
Switching fee	Nil	N/A
Exit fee	Nil	N/A
Advice fees relating to all members investing in a particular MySuper product or investment option	Nil	N/A
Other fees and costs	*Varies*	Please see 'Additional Explanation of Fees and Costs' below.
Indirect cost ratio	Nil	N/A

[1] For definitions of the fees and costs in the table above, please refer to the 'Defined Fees' section on page 4.

1.1 Additional Explanation of Fees and Costs

Tax & Insurance Costs

The tax consequences of your investment in Macmahon Super are explained on page 22. The costs of insurance cover provided by the Fund are explained in Macmahon Super Insurance Guide.

Fees payable to financial adviser

WARNING

Additional Adviser Services Fees

Additional fees in the form of an Adviser Service Fee may be paid to your financial adviser. You should consult the Statement of Advice that your adviser gives you in order to understand this fee. The amount of this fee may be negotiated. The adviser may also be paid one-off fees as a fixed amount or as a percentage. Such a fee will only be paid to the Australian Financial Services Licensee whom your adviser represents if you have specifically authorised the Fund to deduct it from your Member Account. In which case, we will redeem units in your selected investment options to do so.

Operational Risk Reserve

As part of the Stronger Super reforms, all superannuation funds are now required to satisfy an Operational Risk Financial Requirement (ORFR) to specifically cover potential losses arising from operational risks that may affect the Funds' business operations. An operational risk is the risk of a loss resulting from inadequate or failed internal processes, people and systems, or from external events. The ORFR may be drawn upon to assist in compensating members or the Fund in the event of an operational risk occurring.

The Trustee has established an ORFR Strategy which details how the ORFR will be satisfied and maintained. The Fund will satisfy its ORFR using an Operational Risk Reserve (ORR). The ORR will be funded by allocating a small amount of fund earnings to the ORR prior to unit prices being declared. If the ORR falls below the target amount, the Trustee will seek to top up the ORR by collecting the ORR levy to maintain the ORFR target.

Expense Recovery Reserve/General Reserve

The Trustee has established and maintains an Expense Recovery Reserve/General Reserve to meet liabilities of the Fund. This may include, but is not limited to: administration, operational, compliance and legal expenses. The Expense Recovery Reserve/General Reserve may be funded by a combination of Reduced Input Tax Credits (RITC's) claimed by the Fund, interest earned on the Expense Recovery Reserve / General Reserve, and allocating a small amount of fund earnings prior to unit prices being declared.

1.2 Defined Fees

Activity fee

A fee is an *activity fee* if:

(a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:

(i) that is engaged in at the request, or with the consent, of a member; or

(ii) that relates to a member and is required by law; and

(b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

Administration Fee

An *administration fee* is a fee that relates to the administration or operation of a superannuation entity and includes costs that relate to that administration or operation, other than:

(a) borrowing costs; and

(b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and

(c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Advice fee

A fee is an *advice fee* if:

(a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:

(i) a trustee of the entity; or

(ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and

(b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee , an activity fee or an insurance fee.

Buy-sell spreads

A *buy-sell spread* is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Exit fees

An *exit fee* is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Indirect cost ratio

The *indirect cost ratio* (*ICR*), for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

Investment Fee

An *investment fee* is a fee that relates to the investment of the assets of a superannuation entity and includes:

(a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and

(b) costs that relate to the investment of assets of the entity, other than:

(i) borrowing costs; and

(ii) indirect costs that are paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee, or the trustees, of the entity or in an interposed vehicle or derivative financial product; and

(iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Switching fees

<u>In the case of a MySuper product:</u>

A *switching fee* for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.

<u>In the case of a superannuation product that is not a MySuper product:</u>

A *switching fee* for a superannuation products other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

1.3 Other information about fees

Increases or Alterations in the Charges

The Trustee has the power to increase charges at any time, and the Trust Deed of Macmahon Super does not impose maximum limits in relation to an increase in charges to members. You will be given 30 days' notice of any increase in charges or material events.

Market and external cost pressures are but two of the circumstances which may give rise to a change in fees and charges.

Expenses of operating Macmahon Super (such as investment management fees charged by the underlying fund managers) may change at any time without notice, and any changes in expenses may affect the estimated Management Costs.

The Insurer may alter insurance premiums on each renewal of Macmahon Super's insurance policy.

2. Investment Information

The Trustee, related parties and or other entities mentioned in this document does not assure or guarantee the success of the Fund, any particular investment option, the repayment of capital or a particular rate of return.

We do not provide any advice or recommendations about any of the investment options available through the Fund. We are not aware of your objectives, financial situation or needs and have not taken those matters into account in preparing this document.

Prospective or existing members should read the entire PDS and all associated documents before investing. Nothing in this document should be taken as the provision of personal financial advice by anyone named in it. No action should be taken without your consideration of your particular financial circumstances and investment objectives. You may wish to obtain professional financial advice tailored to your circumstances prior to investing in the Fund.

The performance of each investment option is dependent on the performance of the underlying investments, which can fall as well as rise in value, resulting in capital losses or capital profits. Members should not take past performance as an indication of future performance. The general market and economic conditions that existed in the past could be different in the future and these differences could have a significant impact on investment returns.

2.1 Investment Options offered

Macmahon Super has six (6) investment options for you to choose from, designed to meet different investment objectives. This range of options has been chosen to cater for different types of investors who have different investment needs.

The options are:

- Cash Option
- Conservative Option
- MySuper Option (Default Option)
- Equities Option
- High Growth Option
- Listed Property Option

These options provide access to the various asset classes, including property securities, Australian and international shares, cash, fixed interest etc. Each option invests in these areas to varying degrees depending on whether the focus is on growth, securing capital or a balance between these investment objectives.

The mix of investments used varies according to the objective of each option. There is a risk that your investment in an option will fall in value from time to time (refer to section 4 of the PDS for more information on Investment Risk).

What is the difference between each investment option?

Each investment option has different investment objectives (goals) and strategies (ways of achieving those goals).

Asset allocation benchmarks are in essence a target position. Although the investment mix can change significantly and quickly, depending on what is happening in the markets, this benchmark should be the investment mix of the investment options.

All investments placed within each of the investment options are made by investing directly in the underlying assets or through managed funds chosen by the Investment Manager

How do I invest in my choice of Investment options?

Just indicate your preferred option/s on the Application Form. Until you make a valid investment choice, your investment will be held in the default investment option which is the MySuper Option.

You can also change your investment options, at any time after you join Macmahon Super, by either logging into your Secure Online Portal or by completing an Investment Choice form.

Investment Objectives

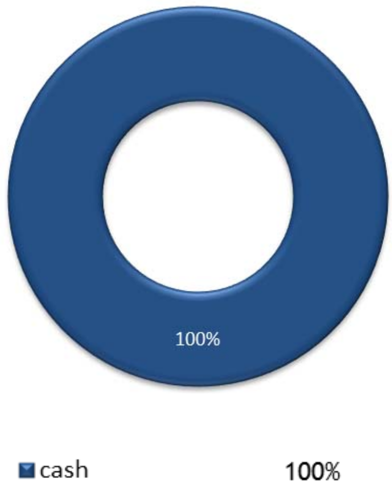
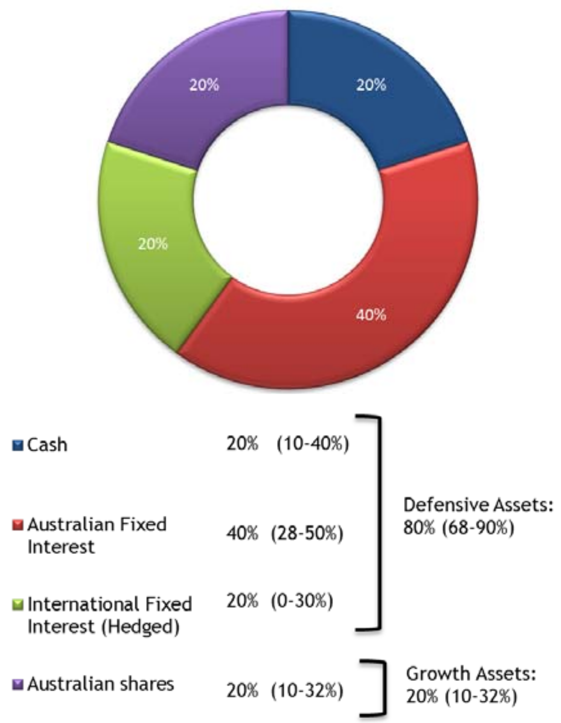
The Fund's overall investment objective is to provide each member with a choice of investment strategies to allow the member's superannuation to grow over the long term whilst minimising investment risks.

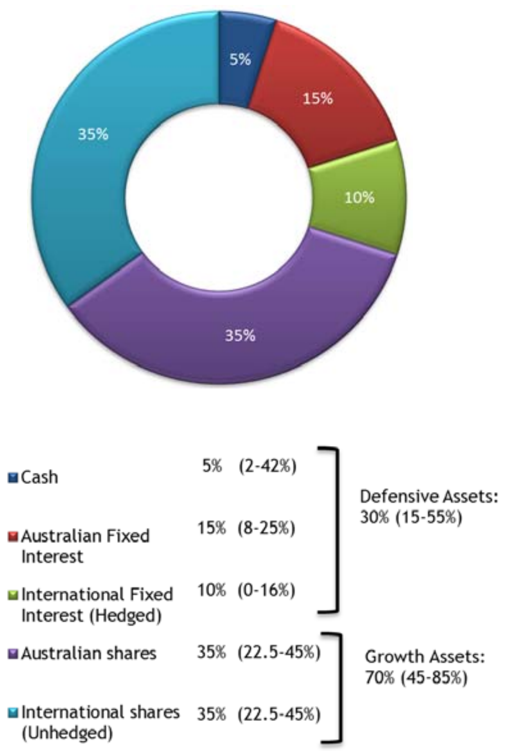
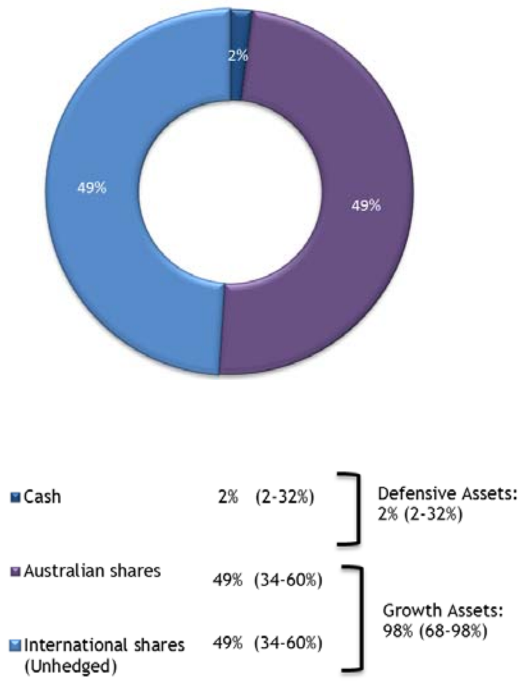
Each of the Fund's six investment options has a different investment objective, as set out in the description of the options on the following pages.

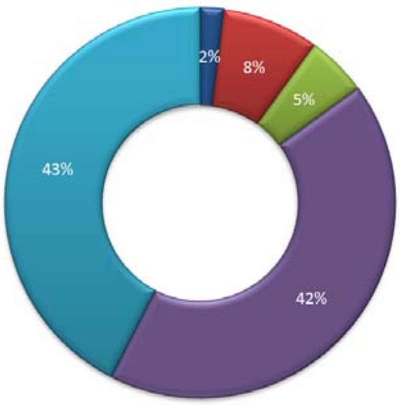
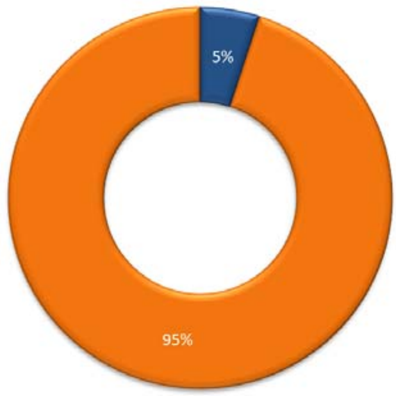
In the description of each option you will find the investor profile, minimum investment timeframe, expected frequency of negative annual returns, risk classification and strategic target asset allocation.

The return expectations contained within these objectives are based on advice from the Fund's investment consultant. Fluctuations in inflation and investment markets may, from time to time, cause outcomes different to the returns stated in the objectives.

Table 1 Investment Options Summary

	Cash Option	Conservative Option
Suitability	Likely to suit extremely conservative investors.	Likely to suit members with a shorter term investment time frame, seeking stable returns with a low level of risk.
Investment Return Objective	The Cash option aims to achieve a return before tax but after investment costs equal to or better than inflation and also positive when measured over any 1 year period.	The Conservative option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 1% p.a. when measured over any 5 year period.
Investment Strategy	The Trustee's strategy in order to meet the investment objectives is to invest 100% in cash assets only.	The Trustee's strategy to meet the objective is to invest in defensive assets, with some exposure to Australian shares.
Minimum suggested timeframe for investing	1 year	5 years
Risk Level	**Very Low** Probability of a negative return in any single year is less than 2%.	**Low** Probability of a negative return in any single year is less than 5%.
Strategic Target Asset Allocation		

	MySuper Option	Equities Option
Suitability	Likely to suit members with a longer term investment time frame, seeking sound returns above inflation, and who are able to tolerate a medium to high level of investment risk.	Likely to suit members with a longer term investment time frame, seeking returns above inflation, who are able to tolerate a high level of investment risk.
Investment Return Objective	The MySuper option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 3% p.a. when measured over any 10 year period.	The Equities option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 4% p.a. when measured over any 10 year period.
Investment Strategy	The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest and cash.	The Trustee's strategy to meet the objective is to invest almost entirely in Australian and International shares with a very small exposure to cash.
Minimum suggested timeframe for investing	10 years	10 years
Risk Level	**High** Probability of a negative return in any single year is less than 20%.	**Very High** Probability of a negative return in any single year is less than 33%.
Strategic Target Asset Allocation		

	High Growth Option	Listed Property Option
Suitability	Likely to suit members with a longer term investment time frame, seeking sound returns above inflation, who are able to tolerate a high level of investment risk.	Likely to suit members with a longer term investment time frame, seeking sound returns above inflation, who are able to tolerate a high level of investment risk.
Investment Return Objective	The High Growth option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 4.0% when measured over any 10 year period.	The Listed Property option aims to achieve a return before tax but after investment costs equal to or better than inflation plus 2.5% when measured over any 10 year period.
Investment Strategy	The Trustee's strategy to meet the objective is to invest in a diversified portfolio of growth and defensive assets with a strong bias towards Australian and international shares.	The Trustee's strategy to meet the objective is to invest in a portfolio of listed Australian and international property securities with a bias towards Australian property.
Minimum suggested timeframe for investing	10 years	10 years
Risk Level	**High** Probability of a negative return in any single year is less than 25 %	**High** Probability of a negative return in any single year is less than 25%
Strategic Target Asset Allocation	 Cash 2% (2-25%) Australian Fixed Interest 8% (0-15%) International Fixed Interest (Hedged) 5% (0-10%) Defensive Assets: 15% (5-25%) Australian shares 42.5% (35-50%) International shares (Unhedged) 42.5% (35-50%) Growth Assets: 85% (75-95%)	 Cash 5% (2-32%) Defensive Assets: 5% (2-32%) Australian Property 95% (38-98%) International Property 0% (0-30%) Growth Assets: 95% (68-98%)

What is the difference between defensive and growth assets?

Generally, investments are purchased for their income producing potential (known as defensive assets) or because the capital value is expected to grow over time (known as growth assets).

Defensive Assets

Defensive assets include bank deposits, fixed interest securities, mortgages and debentures. The main advantage of these methods of investment is that the original capital invested is relatively secure. This is because the investment organisation takes the investment risks and guarantees to pay back the capital at the end of the period of investment. They may pay a defined income return for a specified period, so the rate of return is known in advance.

Two disadvantages of interest income are that:

1. The return is fully taxable in the year in which the interest is received;
2. There are no tax concessions available.

Additionally, the original capital does not usually grow in value so the investment does not have the potential to maintain its purchasing power against inflation.

Thus, defensive assets provide good security and may provide a defined income stream for a time period, but they are not tax efficient and their value may not grow over time.

Growth Assets

Growth assets include property, Australian and international company shares, and a range of more specialised investments, some of which are riskier than others. Capital growth occurs when investors collectively believe that future profits or rental from an asset will be higher in the future than today and are therefore prepared to pay more to purchase the asset. Similarly, capital values fall if investors collectively believe that future profits and rentals will be lower in the future than today. For example, capital values may fall if investors believe that the economy is heading for a downturn.

As investors' perceptions about the future change, the value of capital growth investments fluctuates. However, in the long run, the returns on capital growth investments are likely to outperform fixed interest and cash investments. This is particularly true if the investment is based on company profits from reputable companies and property rental from quality buildings.

The main advantage of growth assets is that it is possible to take advantage of favorable economic conditions and achieve superior growth over the medium to long term.

There are three main advantages to investing in growth assets:

1. The income received.
2. The tax advantages that may apply.
3. The long term increase in the value of the capital.

A disadvantage is that the original capital value may rise and/or fall over time.

Derivatives

The Trustee does not enter into any derivative contracts on its own account, although some underlying Fund Managers may have derivatives exposure in their portfolios.

It is the Trustee's policy not to use derivative investments directly. Derivatives include investment products such as futures, options, swaps and warrants. They are securities whose value is derived from other securities or assets.

Some of the underlying investment managers may use derivatives to reduce risks in their investment products and to increase or decrease their product's exposure to particular investment sectors or markets. However, use of derivatives carries its own risks for the underlying investment products (and therefore for the investment option) like the possibility that the derivative position is difficult or costly to reverse, that it does not perform as expected or that the parties to the derivative contract do not perform their contractual obligations.

Hedge Funds

The Trustee has authorised, and will continue to permit exposure to, the asset class commonly referred to as "Hedge Funds". These investments, may also be known as "absolute return" investments, and have their overall objective to produce positive returns not defined or measured against any one benchmark. While these investments can be considered as higher risk, Macmahon Super's exposure is limited to products which have carefully selected fund managers to reduce some aspects of this risk.

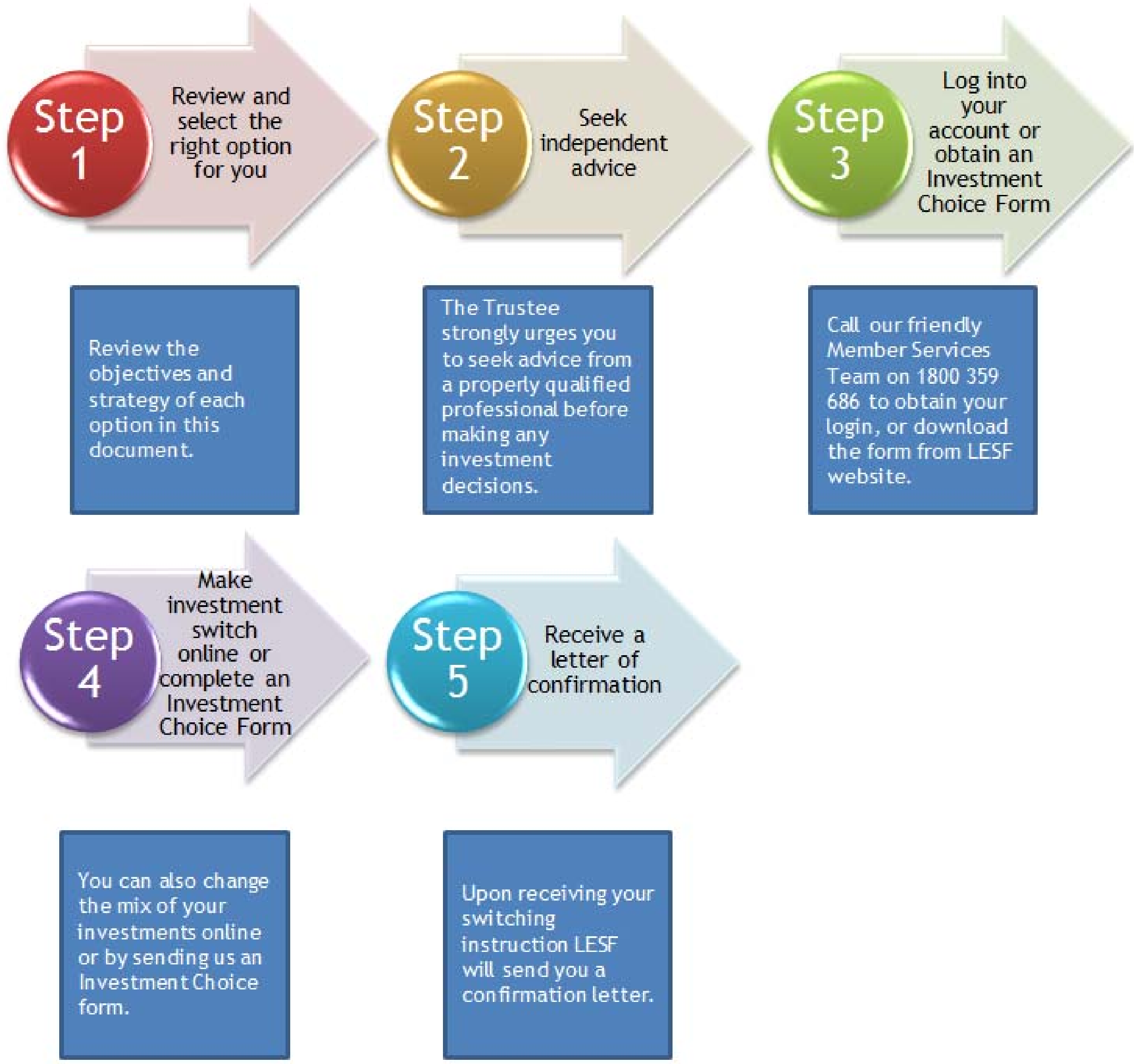
How Your Investment Timeframe may Influence Your Investment Choice

Selecting the investments that best match your goals and timeframe can be an effective way to manage investment risk. If you are mainly concerned about protecting capital over a relatively short period of time, then a conservative investment is probably more suitable. If, however, you want the value of your investments to increase significantly over a longer period, then growth assets like shares and property may be more suitable.

Managing Risk through Diversification

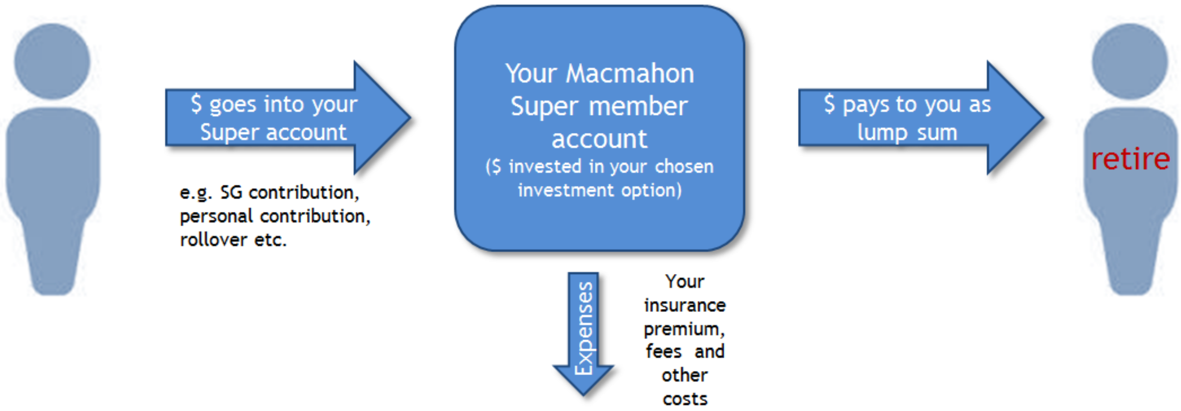
Diversification can be an effective risk management strategy which involves spreading your money across different investments to smooth out returns. So if one investment is performing poorly, another investment may be achieving better returns to offset this poor performance.

2.3 How do you make an investment choice?



3. How Macmahon Super Works?

You, your employer or your spouse can make an initial contribution on your behalf. The diagram below shows how Macmahon Super works.



Unit pricing and your Account

Macmahon Super is a unitised fund. Contributions and rollovers are paid into your Member account and you are allocated a number of units in each investment option you have selected. Each of these units represents an equal part of the market value of the portfolio of investments that the option holds. As a result, each unit has a dollar value, or "unit price".

This means that each contribution or rollover buys a certain number of units in your chosen investment option depending on the price at the time of investment. As the investments of each option can move either up or down in value, so does the unit price. The Fund calculates its unit prices weekly.

The value of the investment options, and therefore the unit prices, will be adjusted to allow for any taxes on investment earnings and management costs. The unit price is calculated for each option by taking the total market value of all of the option's assets, adjusting for any liabilities and then dividing the net value by the total number of units held by all members on that day. Although your unit balance in an option will stay constant (unless there is a transaction on your account), the unit price will change according to changes in the net market value of the investment portfolio or the total number of units issued for the option. We determine the market value of each option based on the information we have most recently available.

Please note that the value of your account may rise or fall.

Contributions and rollovers into the Fund are normally processed at the unit price at the end of the week in which they are received. Benefit payments and rollovers out of the Fund are normally processed at the unit price that is current on the date of the payment.

The current unit price for the various investment options is available from the Administrator upon request.

The value of your investment is calculated by multiplying the number of units held in that investment option by the unit price for that investment option. A reference to your "account" in this guide means collectively the value of all of the investment options that you hold.

4. How Does Superannuation Work?

Superannuation is a means of saving for retirement which in general has two stages: growth phase and retirement phase.

Growth phase

Your superannuation is in its growth phase while you are working and your fund is receiving contributions. The contributions that your employer and you, if you choose, make together with investment earnings (which may be positive or negative) grow over time to provide you with a pool of money to draw on when you retire. The earlier your superannuation commences the more time it has to grow.

Retirement phase

The retirement phase is when you start receiving an income stream or take your superannuation as a lump sum when you retire. The concessionally taxed environment of superannuation and the right investment strategy through your growth phase can help to ensure you continue your chosen lifestyle into retirement.

Benefits of investing in Super

- By consolidating your superannuation in one fund, you can reduce fees and maximise the earnings of your investment.
- Voluntary personal contributions to boost your retirement savings.
- The potential to receive the government co-contribution if you meet the relevant criteria.
- Tax concessions associated with superannuation are more favourable than investments held outside of superannuation.
- Salary sacrifice contributions into superannuation have the potential to reduce your personal taxable income.

4.1 Contribution Rules

The general provisions relating to contributions to the fund have been described in the PDS. Further information on types of contributions, limits on contributions (refer to page 14) and taxation information (refer to pages 21) is provided in this document. The information in relation to tax is of a general nature only and members should obtain their own tax advice before making a decision to contribute to the Fund.

There are two main types of contributions that can be made to the Fund, concessional and non-concessional contributions.

Concessional (before-tax) contributions include:

- deductible personal contributions;
- employer contributions made in respect of an employee to meet the employer's Superannuation Guarantee obligations; and
- salary sacrifice contributions.

Non-concessional (after-tax) contributions include:

- contributions made from your after-tax salary. These may attract a government co-contribution (see information on Government Co-contribution on page 17); and
- spouse contributions made to the Fund on behalf of an ‘eligible spouse’.

How often can contributions be made?

Subject to the contribution rules, contributions to Macmahon Super can be made at any time. However, your employer is required to meet their **Superannuation Guarantee (SG)** obligations, as a minimum, by ensuring their SG contributions are paid to the Fund by the 28th day of the month following the end of the quarter (i.e. by the 28th July for the June quarter).

The end of the financial year for Macmahon Super is 30th June. Contributions being made by members for the purposes of claiming income tax deductions or the Government Co-contribution must be received in the Fund by this date.

How to make contributions

You can advise your employer that Macmahon Super is your superannuation fund of Choice and complete the Macmahon Super Membership application form and give it to your employer. You can also provide your employer with an ATO Standard Choice – Super form together with the compliance letter from the Fund, which is available at the back of the PDS.

You or spouse can make contributions by direct credit to the Macmahon Super operating account at any time. The relevant details and reference number can be found from your Secure Online Portal.

Your employer can contribute at any time using a clearing house. Macmahon Super has a clearing house solution that will to reduce paperwork and time taken to comply with their superannuation obligations.

You can also transfer any super account you already have into Macmahon Super. Contact the Member Services Team on 1800 514 191 for Rollover Your

Super into Macmahon Super form, and assistance to 'Find and Combine' your super.

Contributions Eligibility

In general, members are able to make contributions up to age 75 and claim a deduction for these contributions up to the limits described in the 'Contribution Limits' section on this page. Eligibility to make non-concessional contributions will be subject to a work test for members aged 65 and over.

The work test applying to members aged 65 and over is that the member must have worked at least 40 hours during a continuous period of 30 days over the financial year. Table 2 below summarises the SIS Act provisions for acceptance of contributions. It should be used as a guide only.

Where members have an effective arrangement in place with their employer to salary sacrifice to superannuation, all superannuation contributions are considered to be made by the employer. However, only those contributions to the superannuation guarantee level (9.5% for 2016/17) or the industrial award or agreement level (if higher than the superannuation guarantee level) will be classed as 'mandated employer contributions'.

Once you turn 65 we will write to you each year if you make personal contributions to confirm that you continue to meet the requirements to make contributions.

Providing Your TFN

You should provide your tax file number (TFN) when acquiring this superannuation product. Your employer, when enrolling you into the Fund will usually provide your TFN.

If the Fund doesn't hold your TFN, higher tax will apply to your concessional contributions, and we cannot accept member contributions from you. Also, the tax on super benefits may be higher and it may not be possible to locate any lost super benefits or to combine or transfer your superannuation.

4.2 Contributions Limits

4.2.1 Limits on Concessional Contributions

There is a standard limit of $25,000 per annum on concessional contributions for 2017/18 (this limit maybe indexed – see the section headed "Indexation of Limits" on page 16 for further details).

Table 2 Rules for making contributions by member's age

Age of member in years	[1]Mandated Employer Contributions	Voluntary Employer Contributions	Member Contributions	Eligible Spouse Contributions
Less than 65	Yes	Yes	Yes	Yes
65 - 69	Yes	Yes, conditional[2]	Yes, conditional[2]	Yes, conditional[2]
70 - 74	Yes	Yes, conditional[2,3]	Yes, conditional[2,3]	No
75 or older	Yes	No	No	No

[1] Mandated employer contributions are contributions made by an employer for the benefit of the fund member that are:

i. contributions to reduce the employer's potential liability to the superannuation guarantee charge.
ii. superannuation guarantee shortfall components – that is, superannuation guarantee charge payments sent to a fund from the Tax Office after the Tax Office has obtained payment of the charge from the employer.
iii. contributions made in order to satisfy an obligation under an industrial award or agreement.

[2] You must have been gainfully employed on at 40 hours within 30 consecutive days in a financial year.

[3] The contributions must be received on or before the day that is 28 days after the month you turn 75.

Carry forward concessional contributions

From 1 July 2018, if you have a total superannuation balance of less than $500,000 at the end of 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap using the carried-forward amounts of your unused concessional contributions. The first year you will be entitled to carry forward any unused amounts in the 2019/20 financial year. Unused amounts are available for a maximum of five years, and will expire after this.

Excess Concessional Contributions

All your concessional contributions paid into the Fund will continue to be taxed on entry to the Fund at 15%. Concessional contributions for high income earners (those with incomes greater than $250,000) are subject to a tax rate of up to 30%.

However, for any concessional contributions that are above the concessional contribution limits:

- that member will now also be charged further tax at the individuals marginal tax rate on the excess contributions, plus an interest charge to recognise that the tax on these excess contributions is collected later than normal income tax; and
- the excess contributions will then also count towards the non-concessional contributions limit* (see below).

If you exceed the limit, you will receive an assessment note from the Tax Office. You will be able to pay the excess contributions tax directly to the Tax Office or request that the Fund release part of your benefit to cover the tax payment.

The amount of your concessional contributions that are counted towards your non-concessional contributions cap can be reduced if you elect to release an amount of your excess concessional contributions. If you have more than one super fund, contributions made to each fund will count toward your caps.

4.2.2 Limits on Non-Concessional Contributions

Contributions assessed against your non-concessional contributions cap include:

- personal contributions for which you are not claiming a tax deduction
- contributions made by your spouse into your account
- contributions made with proceeds from the sale of small business assets that are in excess of the CGT cap.

For the 2017/18 financial year, non-concessional contributions cap is $100,000 per annum, if your total superannuation balance is less than the general transfer balance cap ($1.6 million for 2017/18 financial year) at the end of 30 June of the previous financial year.

Non-concessional contributions can only be accepted if we are holding your TFN. Please refer to Providing Your TFN section on page 14 for further information.

Bring- forward provision

If you are under 65, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. If eligible, when you make contributions greater than the annual cap, you automatically gain access to future year caps. This is known as the 'bring forward' arrangement.

The non-concessional contributions cap amount that you can bring forward and whether you have a two or three year bring forward period will depend on your total superannuation balance. Your total superannuation balance is determined at the end of 30 June of the previous financial year in which the contributions that triggered the bring forward, were made.

From 2017/18 financial year, to access the non-concessional bring forward arrangement:

- you must be under 65 years of age for one day during the triggering year (the first year)
- you must contribute more than the annual cap ($100,000 for the 2017/18 financial year)
- the difference between the general transfer balance cap ($1.6 million for the 2017/18 financial year) and your total superannuation balance must be greater than the general non-concessional contributions cap ($100,000 for the 2017/18 financial year) at the end of 30 June of the previous financial year. For the 2017/18 financial year this means that you must have a total superannuation balance less than $1.5 million to be able to access the bring forward arrangement.

From 2017/18 financial year, the remaining cap amount for years two or three of a bring forward arrangement is reduced to nil for a financial year if your total superannuation balance is greater than or equal to the general transfer balance cap at the end of 30 June of the previous financial year.

Following table represents the bring forward arrangement for the first year.

Table 3 - Bring forward arrangement for the 2017/18 financial year

Total superannuation balance on 30 June 2017	Non-concessional contribution cap for the first year	Bring forward period
Less than $1.4 million	$300,000	3 years
$1.4 million to less than $1.5 million	$200,000	2 years
$1.5 million to less than $1.6 million	$100,000	No bring forward period, general non-concessional contributions cap applies
$1.6 million	Nil	N/A

Transitional Period

If you have made a non-concessional contribution in the 2015/16 or 2016/17 financial years and that triggers the bring forward, but has not fully used their bring forward before 1 July 2017, transitional arrangements will apply so that the amount of bring forward available will reflect the reduced annual contribution caps.

If the non-concessional contribution bring forward was triggered in the 2015/16 financial year, the transitional cap will be $460,000 (the annual cap of $180,000 from 2015/16 and 2016/17 and the $100,000 cap in 2017/18). If the bring forward was triggered in 2016/17, the transitional cap will $380,000 (the annual cap of $180,000 in 2016/17 and $100,000 cap in 2017/18 and 2018/19).

Table 4 - Bring forward provision during transitional period

Financial year	Bring forward triggered in FY 2015/2016	Bring forward triggered in FY 2016/2017
2015 - 16	$180,000	$180,000
2016 - 17	$180,000	$100,000
2017 - 18	$100,000	$100,000
Total	**$460,000**	**$380,000**

If you are unsure if you previously triggered the bring forward provision, or you are considering making a large contribution, call the ATO on 13 10 20.

Excess Non-Concessional Contributions

Any non-concessional contributions above the limit will be taxed at 45% (plus any applicable levies).

Contributions made from 1 July 2014 over the annual $180,000 cap may be withdrawn, along with any associated earnings. The earnings will then be taxed at your marginal tax rate.

If the tax is incurred, you will be required to seek a release of an amount from the Fund equal to the excess non-concessional contributions tax. You can then use that to pay your assessment. You are liable to pay the excess non-concessional contributions tax, not the Fund.

4.2.3 Indexation of Limits

From 1 July 2014, increases in the concessional limit are to be indexed with changes to Average Weekly Ordinary Time Earnings (AWOTE). However, these increases will be rounded down to the nearest $5,000 ($2,500 from 2017/18 financial year), which means that the limits will not necessarily increase each year. The non-concessional limit is set equal to 6 times (4 times from 2017/18 financial year) the concessional limit.

4.3 Different Types of Contributions

Employer contributions to super

Your employer is obliged to make compulsory Super Guarantee (SG) contributions on your behalf, subject to limited exceptions. The current SG contribution rate is 9.5% and will remain at 9.5% until 2021, then increase to 12% from 1 July 2025, by 0.5% increments each year.

Employer SG contributions can only be made into a Fund that has an authorised MySuper product option or a fund into which the member has chosen and made an investment choice. Macmahon Super has a MySuper option and can accept all your contributions and rollovers.

Voluntary Contributions

You or your employer can make additional contributions into your superannuation account at any time to boost your retirement savings. There may be taxation benefits associated with voluntary contributions. Please refer to the Taxation Section commencing on page 21.

Your spouse can also make contributions to Macmahon Super on your behalf, provided that the eligibility requirements are met. For more information please refer to the 'Spouse Contribution' section next page.

There is a limit on the amount of voluntary contributions you can make. Salary sacrifice contributions count toward the Concessional contribution limits. Your personal contributions (after-tax) count toward the Non-concessional contribution limit.

Government Co-contribution

To encourage superannuation savings, the Federal Government provides a co-contribution for voluntary non-concessional (after tax) contributions at a rate of up to $0.50 for each $1.00 contributed by a member:

- whose assessable income (plus reportable fringe benefits and Reportable Employer Superannuation Contributions) is less than the designated threshold;
- whose 10% or more of the total income come from employment-related activities, carrying on a business, or a combination of both;
- who have a total superannuation balance less than the transfer balance cap on 30 June of the year before the relevant financial year; and
- who have not contributed an amount more than your non-concessional contribution cap for the relevant financial year.

The co-contribution is available to both employed and self-employed persons.

For the 2017/18 financial year, the maximum co-contribution of $500 is payable in respect of those with an income of $36,813 per annum or less who have made a personal contribution of at least $1,000 per annum. This maximum co-contribution reduces with increasing income at a rate of 3.33 cents for every $1.00 of income over $36,813 per annum and cuts out at an income of $51,813 per annum or more. The maximum rate of co-contribution is $0.50 for $1.00 of after-tax contributions. The government co-contribution is made automatically as long as the member has lodged a tax return for the financial year in which the voluntary contribution is made.

Superannuation Contributions Splitting

Superannuation fund members can split contributions made to their fund to their spouse's superannuation account. The spouse's account does not have to be with the Fund.

Only taxed superannuation contributions may be split, i.e. personal contributions on which you have claimed a deduction or employer contributions.

The application to split must be made either:

- in the following financial year (i.e. the application must be made between 1 July and 30 June in the financial year following the year in which the contributions were made), or
- during the financial year if the entire benefit is to be rolled over or transferred before the end of that financial year.

The maximum splittable amount for any financial year is 85% of taxed splittable contributions. Since taxable contributions are included in the assessable income of a superannuation fund, the 85% limit on taxed splittable contributions is a simple means of ensuring members cannot split more than the amount remaining in their account which relates to those taxed splittable contributions.

For income tax purposes, amounts split to a spouse's account are treated as a contributions-splitting eligible termination payment (ETP) and are taken to have been rolled over to the spouse's account. The eligible service period (ESP) of the contributions-splitting ETP is always zero. The applicant's ESP in respect of the contributions-splitting ETP does not transfer to the receiving spouse.

Spouse Contribution

A tax offset of up to $540 may be available if you make a Non-concessional contribution on behalf of your spouse. The tax offset allows you to claim an 18% tax offset up to $540. For the 2017/18 financial year, the tax offset phases out where your spouse's assessable income exceeds $37,000 down to no offset at or above $40,000.

You will not be entitled to the tax offset when your spouse receiving the contribution:

- exceeds their non-concessional contributions cap for the relevant year, or
- has a total superannuation balance equal to or exceeding the general transfer balance cap ($1.6 million for 2017/18 financial year) immediately before the start of the financial year in which the contribution was made.

Low Income Superannuation Tax Offset (LISTO)

The Federal Government provides a Low Income Superannuation Tax Offset (LISTO) of up to $500 annually for eligible individuals on adjusted taxable incomes of up to $37,000. LISTO is a non-refundable tax offset to superannuation funds based on the tax paid on concessional contributions of low income earners.

In order to qualify, you must earn at least 10% of your total income from employment or carrying on a business or a combination of both.

If Macmahon Super already has your TFN, you don't need to do anything to receive the LISTO, as it will be automatically calculated and paid by the ATO.

Temporary residents will not qualify for the LISC.

CGT Contributions

CGT Contributions are created by the proceeds from the sale of eligible small business assets for the purpose of providing superannuation benefits. Should you make a CGT Contribution to Macmahon Super it may count towards your Non-concessional contributions cap. You should consult with your financial adviser to find out more about making a CGT Contribution.

4.4 Rollovers and Transfers

On joining Macmahon Super you may rollover or transfer your superannuation benefits from other complying superannuation funds. This will not only save you multiple administration fees which can deplete your final benefit, but will also allow you to manage your superannuation more effectively.

To request a transfer of existing superannuation benefits into the Fund, you must complete a Rollover Your Super into Macmahon Super Form, which can be found on the Macmahon Super website, or by calling the Member Services Team on 1800 514 191. You may also be required to obtain and complete a form from the fund that you are transferring from.

Before you rollover or transfer your superannuation benefit from another fund, you should find out if this will attract a withdrawal fee or exit fee from that fund and what impact the rollover or transfer has on any insurance you may have in that fund

Find and Combine via SuperMatch

We offer you a free service to help you to consolidate all of your superannuation monies into one account with Macmahon Super. This is done via the ATO service known as SuperMatch. All you need to do is provide us with your TFN by completing the relevant section of the membership application form attached to the PDS upon joining. You can also complete a TFN Consent Form, or submit your consent via online at http://lesf.com.au/members/finding-lost-super.

4.5 Benefit Payment Options

Generally most benefits are paid as a lump sum. However, you may have the option of receiving benefits as a pension. For example, if you received a retirement benefit you may have the option of transferring all or part of your benefit to an income stream.

For more information on accessing your super benefits, please see section 7 – Accessing Your Benefits.

Transfer Balance Cap

Since 1 July 2017, the government has introduced a $1.6 million cap on the total amount that can be transferred into retirement phase (superannuation pensions).

The cap will be indexed in $100,000 increments in line with the consumer price index. The amount of indexation you will be entitled to will be calculated proportionally based on the amount of your available cap space. If, at any time, you meet or exceed your cap, you will not be entitled to indexation.

Superannuation savings accumulated in excess of the cap can remain in a superannuation account in accumulation phase, where the earnings will continue to be taxed at the concessional rate of 15%.

Subsequent earnings on balances transferred into retirement phase will not be restricted.

Transition to retirement income streams will not count towards your transfer balance cap as from 1 July 2017.

Individuals with accounts already in retirement phase before 1 July 2017 with a balance in excess of $1.6 million should:

- Transfer the excess amount to a superannuation account in accumulation phase; or
- Withdraw the excess amount from their account.

If, at 1 July 2017, the total value of your pre-1 July 2017 retirement phase income streams was between $1.6 million and $1.7 million you have six months to remove the excess capital without penalty.

Individuals who breach the cap will be subject to additional tax, similar to the tax treatment that applies to excess non-concessional contributions.

5. Nominating a Death Benefit Beneficiary

You have the choice of three types of nominations regarding the payment of your benefit in the event of your death. These are:

- non-binding death benefit nomination;
- binding death benefit nomination; and
- non-lapsing binding death benefit nomination.

You can do this by completing the relevant sections of the Application Form or completing a Nomination of Beneficiary form, available on the Macmahon Super website or by calling the Member Services Team on 1800 514 191.

Regardless of the nomination you choose, your death benefit can generally only be paid to either or both of the following:

- one or more of your dependants, and/or
- your legal personal representative.

A “dependant”, includes:

- your spouse;
- your child; and/or
- any person who you have an interdependent relationship with.

A “spouse” includes:

- another person (whether the same or opposite sex) with whom you are in a relationship that is registered under a State or Territory law; and
- another person (whether the same or opposite sex) who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

In addition to any natural child, a “child” includes:

- an adopted child, a stepchild, or an ex-nuptial child;
- a child of your spouse; and
- someone who is a child under the Family Law Act.

Note, for tax purposes, an adult child is not considered a 'dependant' unless they were financially dependent upon you at the date of your death or were in an interdependent relationship with you at the date of your death.

An interdependent relationship between two people applies if:

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

Two people with a close personal relationship who do not meet the above criteria because one or both suffers from a physical, intellectual or psychiatric disability can still be considered to have an interdependent relationship.

If you do not make a nomination, or make an invalid nomination, we will, in our absolute discretion, generally pay your death benefit to one or more of your dependant(s) and/or legal personal representative.

If you make a non-binding death benefit nomination, we will take it into account when deciding who to pay your death benefit to. However, your nomination is a guide only and we have complete discretion in deciding who should receive your death benefit and in what proportions.

If you make a binding death nomination (including a non-lapsing nomination) we will pay your benefit according to your nomination as long as the nomination is valid at the time of your death.

To make a valid binding nomination:

- you must nominate either a dependant or dependants (as defined) or your legal personal representative;
- your allocation percentages must add to 100%, otherwise your nomination will be invalid;
- your nomination must be in writing;
- your nomination must be signed and dated, in the presence of two witnesses, being persons:
    - both of whom have turned 18 years of age, and
    - neither of whom is mentioned in the nomination; and
- your nomination must contain a declaration signed and dated by the witnesses stating that the nomination was signed by you in their presence.

Note: Binding nominations have a fixed term of three years (unless it is a non-lapsing binding nomination) and override any nomination you have made previously. We are required to follow a valid binding death nomination even if your circumstances changed between the date of the binding nomination and the time of your death. You must confirm or amend your notice at least every three years in order for it to be valid (unless it is a non-lapsing binding nomination). You may revoke your binding nomination at any time.

Please refer to the information on Taxation of Death Benefits on page 22.

Non-lapsing Binding Death Benefit Nominations

A non-lapsing binding death benefit nomination is a written direction to the Trustee that sets out the dependants and/or legal personal representative, as decided by a member, to receive his/her benefit in the event of the member's death.

When you make a valid non-lapsing binding nomination, you decide who receives your benefit when you die, and how much of the benefit they receive. Non-lapsing binding nominations do not have an expiry date and will remain valid until you either revoke your nomination or update your nomination.

To make a valid binding nomination:

- each death benefit nominee must be either your dependant or your legal personal representative (as defined in Superannuation Law);
- you must ensure that the proportion of the benefit that will be paid to your nominated person or each of those nominated persons is certain and ascertainable. If it is not clear what percentage is to be paid to whom and/or the percentages do not add up to 100%, your nomination will be invalid;
- your nomination must be in writing;
- you must sign and date your nomination in the presence of two witnesses, being persons:
    - each who has turned 18 years old; and
    - neither of whom is mentioned in the nomination; and
    - your nomination must contain a declaration signed and dated by the witnesses stating that the nomination was signed by you in their presence.

If a binding death benefit nomination is valid and in effect at the date of the member's death, the Trustee must pay your benefit to the beneficiaries nominated in the proportions set out in the member's binding death benefit nomination.

However the Trustee is not required to comply with a death nomination if the Trustee is aware that the payment under the nomination, or the lodgement of failure to revoke the nomination would be a breach of a Court Order. In the event a person you nominate is not a dependant at the time of your death, e.g. because they have died before you, your nomination will no longer be valid and the Trustee will pay the benefit in its absolute discretion.

Note: We recommend that you periodically review your nomination as it is your responsibility to ensure that your Binding Nomination continues to be appropriate in accordance with your personal circumstances. Without a change directed by you, a non-lapsing binding nomination will continue on even if your personal circumstances change and the Trustee is bound to act upon it if it is valid and in effect at the time of your death.

You may revoke or update your non-lapsing binding nomination at any time by writing to the Trustee and filling out the appropriate form.

Death Benefit Nominations in Your Annual Member Statement

Each year, we will confirm your binding death benefit nomination details with your Annual Member statement. It is important that you take note of this and review your binding nomination to ensure it continues to suit your circumstances especially if this has changed

Please refer to the information on Taxation of Death Benefits on page 22.

6. Taxation

The Australian taxation system is complex and different members may have different circumstances. The information in this section is based on tax law that applies from 1 July 2017. We recommend that you speak with your financial or tax adviser for further information about how tax may apply with respect to your personal circumstances. More information on tax can also be found on the ATO website at www.ato.com.au.

Tax Deductibility of Contributions

Employer contributions made on behalf of employees are fully tax deductible.

If you are self-employed your contribution is fully tax deductible. Provided that you are aged less than 75 years, you are able to claim a dollar for dollar tax deduction on all your personal contributions. However, you may pay extra tax if your contributions exceed certain limits as explained in "Taxation of Contribution" subsection below.

You can claim a deduction for your personal contributions if you are under 75, or aged 65 to 74 who meet the work test.

To claim a tax deduction on your personal contributions, a Notice of intent to claim or vary a deduction for personal superannuation contributions form (Section 290-170 Notice), pursuant to Section 290-170 of the Income Tax Assessment Act 1997, must be given to the Trustee (which you should do via the Member Services Team).

The Trustee requires the Section 290-170 Notice to be provided to the Fund Contact by 30 June of the next financial year (in respect of contributions for the prior financial year).

If you withdraw from the Fund, the relevant Section 290-170 Notice must be lodged earlier (at the time you withdraw) as a Section 290-170 Notice will only be valid if the Fund still holds the contribution to which the notice relates.

Taxation of Contributions

Concessional contributions are included in Macmahon Super taxable income and subject to a tax rate of up to 15%. Concessional contributions for high income earners are subject to a tax rate of up to 30%. For the 2017/18 financial year, this applies to those with incomes greater than $250,000.

Non-concessional contributions within the prescribed caps are not subject to tax.

Contributions tax that may be payable on contributions made to your account will be deducted upon termination from Macmahon Super or at the end of the financial year. This has the benefit of ensuring your full contribution is invested in your chosen investment option rather than being deducted at the time the contribution is made.

Although the surcharge tax has been abolished on contributions, it is expected that it will take the ATO some time yet before all assessments for the period up to 30 June 2005 have been issued and settled.

While a person remains a member of the Fund, any surcharge assessment received by the Fund in the member's name will be automatically deducted from the member's accounts. Any surcharge assessments issued by the ATO after a Member has left the Fund will be payable by the member's new superannuation fund (if applicable) or by the member directly.

Taxation of Earnings

Taxable investment earnings of the Fund are taxed at 15%.

Where investment options invest in Australian shares the tax payable may be partly offset by imputation credits which increase the tax effectiveness of Macmahon Super.

Any capital gains are limited to two thirds of the value of the gain or the whole of the gain with an indexed cost base, depending on the date on which the assets were acquired, provided the assets have been held for 12 months.

Tax Deduction for Insurance Premiums

The Fund receives a tax deduction (currently at 15%) for insurance premiums. This tax deduction is passed on to you as a reduction to any contributions tax payable on concessional contributions.

Tax Deduction for Management Costs

The management costs quoted in the PDS are shown before any allowance for tax payable.

The Fund receives a tax deduction (currently 15%) for these management costs. This deduction is passed on to members of Macmahon Super at the time the management costs are incurred. Therefore, the actual costs charged are net of the tax deduction.

Excess Contributions Tax

Where you exceed your Concessional or Non-concessional contribution cap additional tax must be paid as outlined in "Excess Concessional Contributions" and "Excess Non-Concessional Contributions" sections on page 15 and 16.

The ATO will issue notices of assessment to members who have exceeded their cap. Accompanying this assessment notice is called a Release Authority (RA). This RA allows the member to withdraw money from their superannuation account to pay the excess contributions tax.

Excess Concessional Contributions

You **may** give the RA to Macmahon Super within 90 days of the date of release of the RA. You may wish to pay the excess contributions tax yourself. If you choose to ask the Fund to pay the excess contributions tax out of your superannuation account, send the RA to Macmahon Super. The Fund is then required to release the amount to meet the excess contributions tax within 30 days of receiving the RA.

Excess Non-concessional Contributions

You **must** give the RA to Macmahon Super within 21 days of receiving the notice from the ATO. The Fund must release the amount from your superannuation account to meet the excess contributions tax within 30 days of receiving the authority.

You have the option to withdraw any excess contributions made after 1 July 2013 and associated earnings. If you choose this option the total amount of your associated earnings will be included in your assessable income and taxed at your marginal tax rate. If you chose to leave your excess contributions in the fund, you will receive an excess non-concessional contributions tax assessment where the excess amount will be taxed at the top marginal rate.

Please contact the ATO or your financial adviser for further information.

Taxation of Benefits - Lump Sum

A lump sum withdrawal from Macmahon Super will be treated as a superannuation benefit payment. A superannuation benefit may be rolled over to another superannuation fund, rollover or pension fund.

There are two components that make up a superannuation benefit, **Taxable** and **Tax Free**.

The tax rules that apply to these components when you choose to cash out your super depend on your age.

No Tax on Benefits Taken After Age 60

Generally, all lump sums and pensions paid to members from age 60 will be tax free if paid from a taxed superannuation fund such as the Fund.

There is no limit on the amount of superannuation benefit that members over age 60 can take tax free.

Tax on Benefits Taken Before Age 60

Members taking a lump sum benefit in cash before age 60 will pay tax. There are two components to your superannuation.

(a) **Tax Free Component**

This generally covers benefits arising from contributions made on an after-tax basis and the component that accrued prior to 1 July 1983. The amount of the pre-1 July 1983 component has been frozen since 1 July 2007. The tax free component of a member's benefit is paid tax free.

(b) **Taxable Component**

This covers that part of the benefit that is not part of the tax free component.

The tax payable on a lump sum benefit paid from the taxable component that has accumulated in a taxed fund such as this Fund varies with the circumstances of payment. The tax rates currently payable on benefits paid out of taxable components are:

Over preservation age to age 59	Nil on benefit up to $200,000 for 2017/18 and 15% plus any applicable levies on the benefit over $200,000 for 2017/18
Under preservation age	20% plus any applicable levies

Taxation of Temporary Residents Departing Australia

Benefits paid to former temporary residents as a Departing Australia superannuation payment (DASP) are subject to tax:

- Tax-free component – no tax payable
- Taxable component (taxed element) – taxed at 35%
- Taxable component (untaxed element) – taxed at 45%

If you are a working Holiday Maker, the tax rate for DASP is 65%. This rate applies to both the taxed and untaxed element of the taxable component.

Taxation of TPD Benefits

Since 1 July 2007 a greater part of a member's TPD benefit may be included in the tax-exempt component, as eligibility for the post-1994 invalidity component has been extended to include the fully self-employed. This component reflects the portion of the total benefit, including insurance, which relates to the future period up to age 65 where a member is no longer able to be gainfully employed because of disablement. The balance of the benefit is taxed in the same way as a normal superannuation payment.

Taxation of Death Benefits

Lump sum death benefits paid to dependants for tax purposes (e.g. spouse, a child aged less than 18 years or an interdependent) are fully tax free.

The tax treatment for lump sum benefits paid to non-dependants for tax purposes is different. No tax is payable in respect of any tax-free component while any taxable component will be taxed at rates between 15% to 30%, plus any applicable levies.

Tax treatment of death benefits may be complex and we recommend that you speak with your financial and tax advisers for tax information specific to your personal circumstances.

7. Accessing Your Benefits

Because superannuation is a long-term investment, the Commonwealth Government has placed restrictions on when you can gain access to benefits.

Your benefit in the Fund comprises contributions, any transfers or rollovers, investment earnings (positive or negative) and the proceeds from any insurance claims (if applicable) for and on your behalf, less government charges and taxes, any insurance premiums, and fees and other costs.

All contributions made by you or on your behalf since 1 July 1999, as well as investment earnings on those contributions, are required to be kept in the super system (or 'preserved') until you satisfy a condition of release. The benefits that accumulated in superannuation prior to 1 July 1999 are divided into preserved and non-preserved components. Some non-preserved amounts are restricted and some are unrestricted. Unrestricted non-preserved amounts can be paid to you at any time from the Fund. Restricted non-preserved amounts can be withdrawn only when you have left your employment with an employer who has contributed to the Fund on your behalf.

Benefits are paid from Macmahon Super as a lump sum.

How long can your money stay in Macmahon Super?

There is no longer a requirement for you to compulsorily withdraw your benefit when you reach a certain age. Your benefit can remain in the Fund indefinitely.

When Can You Withdraw From Macmahon Super?

Your superannuation benefits are classified into three types: preserved, restricted non-preserved, and unrestricted non-preserved. This determines when they may be paid to you.

Conditions of release

Preserved benefits can only be accessed as cash when you meet a condition of release, which generally includes any one of the following circumstances:

- you reach your preservation age (refer to Table 5 on page 24) and retire permanently from the workforce;
- you reach your preservation age and have begun a transition to retirement income stream but have not retired;
- you reach preservation age and start a complying non-commutable income stream;
- you reach age 60 and cease gainful employment with your employer;
- you reach age 65;
- we are satisfied that you suffer from permanent incapacity;[1]
- you die (see the section entitled "Nominating a Death Benefit Beneficiary" on pages 19 for further information);
- your benefit is less than $200 and you have terminated an employment arrangement;
- you have a terminal medical condition[2];
- you qualify for an early release on the grounds of severe financial hardship or specified compassionate grounds (in these circumstances only part of your benefit may be released, in most cases);
- you are a temporary resident permanently departing Australia;[3]
- we receive a valid ATO release authority in relation to a refund of excess concessional contributions or non-concessional contributions to pay a Division 293 tax debt;
- you comply with any other condition of release specified in government legislation.

1. "Permanent incapacity" as defined under superannuation law means that as a result of ill-health (whether physical or mental), the Trustee is satisfied that you are unlikely to engage in gainful employment, for which you are reasonably qualified by training, education or experience.

2. A "terminal medical condition" as defined under superannuation law requires two (2) medical practitioners to certify that, as a result of injury or illness, you are likely to die within 24 months. Further, at least one of those medical practitioners must be a specialist practising in the area of your illness or injury and both the certifications provided by the two medical practitioners must not be more than 12 months old.

3. Residents who hold temporary visas (except visas under subclasses 405 and 410) have restricted conditions of release. Benefits cannot be accessed unless they satisfy one of the limited conditions of release.

Table 5 Preservation age

Your preservation age depends on your date of birth:

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
On 1 July 1964 or after	60

Restricted Non-Preserved

Restricted non-preserved benefits may be accessed if you satisfy one of the conditions of release for preserved benefits. In addition, where you terminate your employment (resignation, retrenchment, dismissal prior to retirement) with an employer who had at any time contributed to Macmahon Super on your behalf, your restricted non-preserved benefit can be accessed at any time.

Unrestricted Non-Preserved

Unrestricted non-preserved benefits are not subject to preservation and can be paid to you at any time without any change in your employment status.

Since 1 July 1999, the value of your non-preserved benefits has been fixed and will only increase if you transfer or rollover non-preserved benefits from another fund into Macmahon Super. However, negative investment returns, fees and charges may reduce these benefits where there is no preserved component in your account from which these amounts can be deducted.

Temporary Residents

Superannuation funds are, under certain circumstances, required to transfer a temporary resident's departing Australia superannuation benefit (DADP) to the Australian Taxation Office (ATO) following their departure from Australia. Such a transfer will automatically occur when at least 6 months has passed since a temporary resident's visa had ceased to be in effect, the temporary resident had left Australia and not taken his/her benefit.

A member can subsequently access his/her benefit from the ATO. The ATO can be contacted on 13 10 20. We are not obliged to notify or give an exit statement to you if we transfer your superannuation to the ATO following departure from Australia.

There are now limited conditions of release available to a member who is or was a temporary resident. Accounts in respect of all temporary resident members (irrespective of whether or not they have left Australia) will only be able to be released under the following conditions:

- Death OR Terminal medical condition;
- Permanent incapacity;
- Departing Australia permanently – applies to temporary residents who apply in writing for release of their benefit;
- Trustee payments to the ATO under the Superannuation (Unclaimed Money and Lost Members) Act 1999;
- Temporary incapacity and/or Release Authorities under the Income Tax Assessment Act 1997.

Notes:

1. If you are a New Zealand citizen or you become an Australian citizen or permanent resident these changes will not apply to you.
2. If you are not a permanent Australian resident, contact the Member Services Team on 1800 514 191.

Trans-Tasman Superannuation Portability

Legislation has been passed and regulations enacted by governments of Australia and New Zealand to allow members to consolidate their retirement savings in their country of residence when permanently emigrating to or from Australia and New Zealand.

Key features of the regulations:

- The transfer of retirement savings is not compulsory. Members can leave their savings in the other country if they wish.
- It is also not compulsory for either Australian or New Zealand funds to accept Trans-Tasman transfers.
- The amount transferred between the two countries is not subject to tax on entry into, or exit from, the Australian super system.
- The amount transferred from New Zealand cannot be paid into a Self Managed Super Fund in Australia.
- Australian amounts from an untaxed source, or a defined benefit scheme, cannot be transferred to a New Zealand Kiwi Saver Scheme account.
- All funds transferred from a Kiwi Saver account will count towards a person's non concessional contributions cap (with the exception of transfer amounts that have already previously been counted for non concessional cap purposes).

Conditions of release must be met including:

- A request for the members entire account balance in the fund to be transferred to a compliant KiwiSaver scheme;
- Evidence being provided of permanent migration to New Zealand; and
- Documentation provided showing the nominated KiwiSaver scheme is willing to accept the Australian transfer.

While the Australian Fund is required to release (transfer out) funds upon request from eligible members to eligible Kiwi Saver accounts in New Zealand, given the administrative and system changes required, the Fund is presently unable to accept super transfers from Kiwi Saver accounts in New Zealand.

8. Eligible Rollover Fund (ERF)

An 'Eligible Rollover Fund' (ERF) receives and invests the entitlements of superannuation fund members in certain circumstances.

The ERF currently selected by the Trustee is:

Super Money Eligible Rollover Fund (SMERF)
PO Box 1282
Albury NSW 2640
Phone: 1800 114 380

The Trustee of Macmahon Super reserves the right to change its ERF at any time. If the Trustee does so, all members will be notified within 30 days.

If your benefit is transferred to SMERF you will need to contact the SMERF Administrator in order to deal with your investment.

Your benefit may be transferred to an ERF if the value of your account is less than $2,000 and we are not obliged to forward your balance to the ATO under unclaimed money laws described in Section 9.

It is important that you inform us of any changes to your address details so that you are not transferred to the ERF unnecessarily.

Effect of being transferred to the ERF

It is important for you to understand the effect of having your benefit transferred to the ERF. The main consequences include:

- You will no longer be a member of the Fund and will cease to have rights against the Trustee of Macmahon Super.
- Your current investment choice option in Macmahon Super will cease.
- Any insurance cover provided through Macmahon Super for you will cease. SMERF does not offer insured benefits in the event of death or disablement.

You will become a member of the ERF and be subject to its governing rules. You should refer to its Product Disclosure Statement (PDS) for details of its features.

- The earnings credited to your account will vary depending on the balance of your account and the interest rate declared by the trustee of the ERF.
- The asset allocation of the ERF may allocate a greater proportion of your account to defensive assets; this may mean that they may not be appropriate for you as a longer term strategy.
- A different fee structure will apply. You should refer to their PDS for details of the fees which may apply.
- You will be unable to make contributions to the ERF.

The trustee of Macmahon Super is the trustee of SMERF.

9. Additional Information You Need to Know

How to join Macmahon Super

An application for membership to Macmahon Super can only be accepted if made on an application form attached to the PDS.

It is very important that you read the information provided in this PDS as it contains important information about the Fund.

At the time you apply for membership you should select the investment option(s) which best suit your needs. You may wish to do this in consultation with your financial adviser. Nothing in this PDS is intended to, nor should take the place of personal advice from a licensed investment adviser.

You should discuss your investment objectives, financial situation and particular needs with a professional investment adviser before investing in Macmahon Super.

By becoming a member of Macmahon Super, you agree to be bound by the Trust Deed and amendments which may occur from time to time.

We may seek proof of identity in accordance with our obligations under the Anti-Money Laundering and Counter Terrorism Financing Act 2006.

Member Accounts

A separate account is held for each member. All contributions, rollovers, and other direct receipts will be credited to each member's account. Benefit payments and insurance premiums are directly debited from each member's Account.

Each member's benefit will be the balance in the member's account at the time the benefit is paid (including any insurance received in the case of Death, Terminal Illness or Total and Permanent Disablement).

Reports on Your Investments

An Annual Report for Macmahon Super is prepared as at 30th June each year. The latest Annual Report is available on the website www.lesf.com.au.

Member Information

You may view copies of the following information at our office during normal business hours:

- the Annual Report of the Fund;
- the audited accounts and auditor's reports of the Fund; and
- the Trust Deed of the Fund.

All inquiries relating to Macmahon Super should be addressed to the Member Services Team on 1800 514 191.

Payment of Lost member Accounts

If Macmahon Super has identified a member as lost either due to the member's inactivity (inactive lost), or because they are uncontactable (uncontactable lost), the Fund is required to transfer the member's accounts to the ATO as unclaimed moneys if the member's account is less than $6,000.

A member is inactive lost if:

- They have been a member of the Fund for more than 2 years; and
- They joined the Fund as an employer sponsored member; and
- The Fund has not received a contribution or rollover within the last 5 years.

A member is uncontactable lost if:

- The Fund has never had an address for the member; or the Fund attempted to contact the member in writing (including electronically) and believed the address was no longer contactable; and
- None of the following happened in the last 12 months:
    - the member contacted the Fund;
    - the member logged into their online account;
    - the Fund received a contribution or rollover.

Family Law and Superannuation

The *Family Law Act* 1975 allows couples to divide their superannuation interests in the event of the breakdown of their marriage or de facto relationship (including same sex couples). The interests may be divided by formal agreement or by a Family Court order.

In the event that a member's superannuation interests are split, a new interest in Macmahon Super can be created for the non-member spouse or their interest may be transferred or rolled over to another regulated superannuation fund. Only superannuation interests of $5,000 or above can be split.

Currently the Fund does not charge a fee for family law splits but the Trustee has the power to charge such a fee in the future.

We strongly recommend that you seek professional advice from your legal adviser or the Family Court as to the consequence of separation and divorce on your superannuation interests.

Effect of Goods and Services Tax (GST)

As Macmahon Super is subject to, and registered for, the Goods and Services Tax (GST), the Fund is entitled to claim reduced input tax credits (RITCs) from the ATO in relation to any GST paid. This credit is equal to 55% of the GST paid on the services provided by the Trustee. The effect of this is that the GST borne by members is effectively only 4.5%.

Anti-Money Laundering and Counter-Terrorism Financing

In accordance with the AML/CTF Act and the supporting AML/CTF Rules, the Trustee has an obligation to collect and identify information and to verify documents provided to us. From time to time, we may require additional information from you to assist in this process. The AML/ CTF Act also gives us the right not to provide financial services in certain circumstances.

In complying with obligations in relation to the AML/CTF Act and the supporting AML/CTF Rules, there may be instances where transactions are delayed, blocked, frozen or refused. If such an instance occurs, we are not liable for any loss you may suffer (including consequential loss) as a result of our compliance with the AML/CTF Act and the supporting AML/CTF Rules as they apply to the Fund.

We have certain statutory obligations to disclose information gathered to regulatory bodies and/or law enforcement agencies, such as the Australian Transaction Reports and Analysis Centre (AUSTRAC).

We also have the obligation to report certain matters to AUSTRAC. Under 'tipping-off' provisions, we are not permitted to inform you that any such reporting has taken place.

Your Right to Privacy

We collect information from you in order to process your application and to administer your superannuation account and for the purposes of our ongoing relationship with you as further described in this privacy statement. If we ask your personal information and you don't give it to us, or if you provide us with incomplete or inaccurate information, we may not be able to provide you with any, some or all of the features of the products or services you are seeking.

We generally collect your information directly from you (for example when you complete application and other forms, or over the telephone through our Member Services Team), but may also collect it from other organisations such as your employer, from our Fund administrator Diversa Superannuation Services Limited (DSS) (who may collect your personal information on our behalf), from publicly available sources and via social media.

We will/may also be required under the Superannuation Industry (Supervision) Act 1993, the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, the Family Law Act 1975 or other laws regulating superannuation to collect your personal information.

We may need to disclose your personal information to various third parties, for example, if your membership involves a financial adviser or you are an employer-sponsored member, we will disclose the personal information that is necessary to manage or administer your account, to that adviser or employer.

If you wish to amend or withdraw your authority for your adviser or employer to act on your behalf, please advise us in writing.

We collect and may also use and disclose your personal information:

- to third party service providers we engage to provide administration, technology, marketing, mailing, printing, professional/advisory or other services;
- to develop and improve our products and services; and
- to gain an understanding of you, your needs and your interactions with us so we can identify and notify you of other products and services of Macmahon Super or our partners which may be of interest to you.

We may be required by law to disclose your information to other organisations, including government bodies such as the ATO, Centrelink and AUSTRAC, and any rollover fund selected by you.

If you have selected any insurance cover, we will provide your personal information to the underwriter of our insurance policy for the purposes of providing that insurance cover.

You can request access to or seek correction of your personal information by contacting us. The Privacy Policy provides information about how you may access and correct your personal information held by us.

Our Privacy Policy also includes information about how you may complain about a breach of the Australian Privacy Principles by us, and how we will deal with such a complaint. A copy of the Privacy Policy is available on our website at www.lesf.com.au/privacy or you can request a copy by contacting us on 1800 514 191.

10. How We Keep You Informed

What you'll receive

You can monitor your account by logging in the Secure Online Portal, via the Fund's website www.lesf.com.au. Contact the Member Services Team on 1800 514 191 to obtain your password. The table below shows the types of communication we will provide to you or which you can access.

Communication	Purpose
Welcome letter	Confirm that your membership in the Fund has been accepted
Annual Member Statements	Provide a summary of super details for the reporting period and is available on your online account. When you join the Fund you agree to obtain your annual statements from your online account. We'll notify you via email when your statement is available.
Annual Report	Provides an overview of changes that affect you and an abridged version of the financial reports for the Fund. The report will be available on the Fund's website www.lesf.com.au.
Audited Financial Statements	Provides a complete version of the financial reports for the Fund. These are available on the Fund's website www.lesf.com.au.
Exit Statement	Provides summary of super details for the reporting period. This is mailed or emailed to you.
Accessing Information on Your Secure Online Portal	You can view your account information including performance, valuation and transaction on your Secure Online Portal. The value of your account is the sum of all the investments held in your account.

Publishing and notification of disclosure documents

We will make disclosure documents available to you electronically, and we will notify you when they are available. These disclosure documents may include financial service guides, significant event notices, on-going disclosure of material changes and periodic statements.

Accessing Your Secure Online Portal

The Fund's website is fully compatible and accessible via mobile and tablet devices. With the flexibility of accessing your Secure Online Portal anytime, anywhere our website allows you to keep track of and monitor your investment. You can

- view details of your account holdings, including asset allocation
- view details of your transactions
- access a full list of investment options including up-to-date valuations
- access a extensive range of fund documents, including PDS, forms, fund performance, factsheets and annual report
- switch investment options for your existing balance and future contributions
- update beneficiary nominations
- view your current insurance details
- download reports including your Annual Member Statement

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MACMAHON

EMPLOYEES SUPER

Further information about Macmahon Super

We are here to help you

Call:	1800 514 191
Email:	MESF@diversa.com.au
Write to:	Macmahon Super Member Services Team PO Box 1282 Albury NSW 2640
Website:	www.lesf.com.au/mesf