

mercy
super



Always for you



SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT
AWARD AND SG CATEGORY
PREPARED 9 JUNE 2011

A major review and update of the Award and SG Category Member Booklet (also known as a Product Disclosure Statement) will be undertaken in late 2011 after final crediting rates for the 2010/11 financial year have been determined. As some items in the current Booklet need to be updated, the Trustee has decided to issue this Supplementary Product Disclosure Statement (SPDS) in the interests of keeping the information available to members current and using the Fund's resources as efficiently as possible.

The material in this document is intended to provide current and prospective members of the Fund with information relevant to their entitlements as they relate to:

- Contributions
- Crediting rate policy;
- Investment objectives and strategy;
- Fees and other costs, including insurance premiums;
- Accessing your benefits; and
- Taxation, including Anti-detriment payments.

This document contains general information only. It is not intended to contain any recommendations, statements of opinion or advice, and does not consider your individual objectives, financial situation or particular needs. Therefore, before making any decisions you should consider the appropriateness of any information provided in the Award and SG Category Member Booklet and this associated update. You may also wish to obtain independent financial advice.

ACCESS TO CURRENT INFORMATION

Please note that the information in this document is correct as at the date of printing. If changes to the information in the Member Booklet and the Supplementary Product Disclosure Statement occur that may materially affect you, or where there is a change of fees and charges, we will notify you within 30 days of the change. In other instances you will be advised in writing within three (3) months of its date and effect.

Boost your super

QUALIFYING RECOGNISED OVERSEAS PENSION SCHEMES

In addition to the contribution types described on pages 4 to 6 of the Award and SG Category Member Booklet dated 12 November 2010, Mercy Super can now accept payments from United Kingdom pension schemes. Mercy Super has been approved as a Qualifying Recognised Overseas Pension Scheme (QROPS).

The rules relating to the transfer of UK pension schemes to approved Australian superannuation funds can be quite complex. Before undertaking any transfer of a QROPS benefit to Mercy Super, we recommend that you seek independent financial advice from an appropriately qualified professional.

GOVERNMENT CO-CONTRIBUTION – A SUPER BOOST

The Federal Budget handed down in May 2011 did not make any changes to the Government Co-contribution arrangements, limits or thresholds listed on pages 5 and 6 of the Award and SG Category Member Booklet dated 12 November 2010. The Budget announcements are still subject to final legislation being enacted.



DISCLAIMER

This is a Supplementary Product Disclosure Statement to the Award and SG Category combined Member Booklet and Financial Services Guide, also known as a Product Disclosure Statement, dated 12 November 2010, of Mercy Super.

This Supplementary Product Disclosure Statement must be read in conjunction with the Member Booklet.

In this document, Mercy Super ABN 11 789 425 178 is referred to as 'the Fund' and 'we'. It is offered by the Trustee of the Fund, Mercy Super Pty Ltd ABN 98 056 047 324. The Trustee is Corporate Authorised Representative No. 268897 of IFAA Pty Ltd (AFSL No. 238507) and is authorised to provide general financial product advice in relation to superannuation.

Investment choice

The following information replaces the Investment Returns section on page 9 of the Award and SG Category Member Booklet dated 12 November 2010.

HOW INVESTMENT EARNINGS ARE APPLIED TO MEMBER ACCOUNTS

Investment earnings are applied to member accounts by way of a crediting rate. This rate is calculated for each investment option and is based on the actual performance of the underlying investment assets, less any applicable fees and taxes. From 1 July 2011, a revised method of calculating and applying crediting rates will be adopted by the Fund.

To 30 June 2011

Up to the year ended 30 June 2011, Mercy Super has calculated an annual crediting rate for each investment option and applied the appropriate rate (or rates if members switched investment options during the year) to member accounts at 30 June each year. For members who received a benefit payment from the Fund during the year prior to 30 June, an interim crediting rate, based on applicable investment returns up to the day of payment, was applied. (See further information to the right.)

Commencing 1 July 2011

From 1 July 2011, a new crediting rate policy will be introduced with crediting rates calculated and applied to member accounts on a monthly basis.

Monthly crediting rates will be declared by the Fund with regard to the actual investment return on the Fund's assets for each investment option, after allowing for tax and expenses. The declared monthly crediting rates are applied to members' accounts following the end of the financial year, or on earlier benefit payment, based on transactions during the applicable month. The crediting rate is applied from the date of the transaction (e.g. an employer contribution to your account) to the end of the month. Investment earnings compound at the end of each month and may be positive or negative, depending on the performance of the underlying investment assets.

The monthly rates will be set during the first week of the next month after the month to which the rates apply. At the same time, an interim rate will be set for the previous month. For example, during the first week of March, the final monthly rate for January will be declared as will the interim monthly rate for February.

Any benefit payments made to members will include the declared monthly rates up to the end of the previous month, plus the interim monthly rate from that date to the date of payment. The interim monthly rate will be based on the investment performance of the appropriate investment option for the month to date.

Interim arrangements from 1 July 2011 to September 2011

As the final annual crediting rates for each investment option to 30 June 2011 will not be known until all investment results have been received and analysed (by September 2011) it will be necessary to adopt an interim procedure for benefit payments made between 1 July 2011 and 30 September 2011. In this case, the crediting rate to be applied to such payments will be:

- For the period to 30 June 2011 - the interim annual crediting rate to 30 June 2011
- From 1 July 2011 - the interim annual crediting rate from July to the date of payment.

Once the final annual rates to 30 June 2011 are known and have been applied to members' accounts, declared monthly crediting rates for the months of July and August and an interim monthly rate for September 2011 will be calculated and applied to benefit payments made after those months.



Member Investment Options – investment objectives and strategy

The following information replaces the tables on pages 10 and 11 of the Award and SG Category Member Booklet dated 12 November 2010. For the latest investment returns, please refer to www.mercysuper.com.au.

Balanced Growth (default option)

Overview

The Balanced Growth option seeks to obtain relatively high returns in the long-term with a correspondingly higher level of risk by investing in a diversified set of asset classes with a bias towards growth assets.

Investment performance to 30 June 2010¹ (Superannuation categories)²

Year	Return
5yr compound average	4.17%
Interim investment returns to 31 May 2011 ³	8.6%
2010	10.25%
2009	-13.50%
2008	-4.90%
2007	17.00%
2006	15.58%

Risk

Medium to high

Investment objective

To maximise the long-term investment earnings subject to:

- A 75% minimum probability of achieving a crediting rate equivalent to inflation (as measured by the change in the Consumer Price Index) plus 3% p.a. over rolling five year periods, and
- The expected frequency of negative returns for this option is three years over a 20 year period.

Suggested minimum time horizon

At least five to seven years

Target asset allocation⁴ and investment ranges

Asset Class	Asset Allocation	Investment Range ⁶
Australian Shares	30%	20 – 40%
International Shares (hedged)	6%	0 – 15%
International Shares (unhedged)	18%	10 – 25%
Property	10%	5 – 20%
Australian Fixed Interest	5%	0 – 10%
International Fixed Interest	5%	0 – 10%
Cash/Cash Enhanced	4%	0 – 10%
Infrastructure	13%	5 – 20%
Private Equity	5%	0 – 16%
Absolute Return Strategies ⁵	4%	0 – 8%

Balanced

The Balanced option seeks to obtain consistent returns in the long-term while reducing the level of risk by investing in a diversified set of asset classes that is split between defensive and growth assets.

Year	Return
5yr compound average	4.67%
Interim investment returns to 31 May 2011 ³	6.9%
2010	9.40%
2009	-8.10%
2008	-0.10%
2007	12.30%
2006	11.40%

Medium

To maximise the long-term investment earnings subject to:

- A 85% minimum probability of achieving a crediting rate equivalent to inflation (as measured by the change in the Consumer Price Index) plus 2% p.a. over rolling five year periods, and
- The expected frequency of negative returns for this option is two years over a 20 year period.

At least three to five years

Asset Class	Asset Allocation
Australian Shares	17%
International Shares (hedged)	3.5%
International Shares (unhedged)	11%
Property	10%
Australian Fixed Interest	7.25%
International Fixed Interest	7.25%
Cash/Cash Enhanced	22%
Infrastructure	13%
Private Equity	5%
Absolute Return Strategies ⁵	4%

Notes: 1. Unless otherwise indicated. 2. Past performance is not an indicator of future returns. 3. Financial year to date. 4. The Target Asset Allocations for each investment option indicate approximately how much of that option is invested in the various asset classes (e.g. shares, property, cash etc). 5. The Trustee intends to dispose of the Fund's Absolute Return investments in the coming year with these amounts to be allocated across the remaining asset classes. 6. Applies to the Balanced Growth and Socially Responsible options only.

Cash/Cash Enhanced

The Cash/Cash Enhanced option is designed to provide the most stable returns out of all the Fund's investment options. It will suit members with a short-term investment time horizon. Note: Over the long-term you can expect a lower return from Cash/Cash Enhanced than any other Fund option.

Year	Return
5yr compound average	4.84%
Interim investment returns to 31 May 2011 ³	4.8%
2010	5.10%
2009	4.18%
2008	4.70%
2007	5.60%
2006	4.72%

Very low

By investing in a combination of cash and enhanced cash funds, the Cash/Cash Enhanced option seeks to obtain:

- Long-term returns which are similar to those available from short-term cash investments with minimal risk of capital loss.
- The expected frequency of negative returns for this option is nil over a 20 year period.

Less than three years

Asset Class	Asset Allocation
Australian Shares	0%
International Shares (hedged)	0%
International Shares (unhedged)	0%
Property	0%
Australian Fixed Interest	0%
International Fixed Interest	0%
Cash/Cash Enhanced	100%
Infrastructure	0%
Private Equity	0%
Absolute Return Strategies ⁵	0%

Shares

The Shares option seeks to obtain long-term returns which are in excess of the other four options with a commensurately higher level of risk. All assets within this option are invested either in international or Australian shares.

Year	Return
5yr compound average	4.22%
Interim investment returns to 31 May 2011 ³	11.0%
2010	12.10%
2009	-14.60%
2008	-13.10%
2007	22.80%
2006	20.36%

Very high

To maximise the long-term investment earnings subject to:

- A 55% minimum probability of achieving a crediting rate equivalent to inflation (as measured by the change in the Consumer Price Index) plus 5% p.a. over rolling 10 year periods, and
- The expected frequency of negative returns for this option is five years over a 20 year period.

At least eight to ten years

Asset Class	Asset Allocation
Australian Shares	58%
International Shares (hedged)	10.5%
International Shares (unhedged)	31.5%
Property	0%
Australian Fixed Interest	0%
International Fixed Interest	0%
Cash/Cash Enhanced	0%
Infrastructure	0%
Private Equity	0%
Absolute Return Strategies ⁵	0%

Socially Responsible

In this option, investments are selected using a socially responsible test or screen which takes into account factors including environmental and social impact, workplace and employment practices and positive contribution to society.

Year	Return
Interim investment returns to 31 May 2011 ³	8.6%
2010	9.30%
2009	-9.40%
2008	-20.30%

Please note: This option is fully invested in the AMP Capital Investors Responsible Investment Leaders Balanced Fund.

Medium to high

To provide moderate to high returns while:

- Accepting medium levels of volatility and provide a total return after costs and before tax which is higher than the return from the performance benchmark of the underlying fund over a rolling five year period and,
- The expected frequency of negative returns for this option is four years over a 20 year period.

At least five years

Asset Class	Asset Allocation	Investment Range ⁶
Australian Shares	36%	31 – 41%
International Shares (hedged)	6%	21 – 31%
International Shares (unhedged)	20%	
Property	11%	0 – 26%
Australian Fixed Interest	11.5%	5 – 18%
International Fixed Interest	11.5%	5 – 18%
Cash/Cash Enhanced	3%	0 – 8%
Alternatives	1%	0 – 6%

The proportions shown are the Trustee's target as at 31 May 2011. It is likely that these allocations may change over the time, both in response to financial markets movements and as the Trustee makes small changes to the fund managers appointed. Any changes are expected to be relatively minor (i.e. within plus or minus 5% of the allocation shown).

Fees and Other Costs

The Australian Securities and Investment Commission (ASIC) requires that this Consumer Advice Warning be included in all Product Disclosure Statements. The following warning replaces the Consumer Advice warning on page 34 of the Award and SG Category Member Booklet dated 12 November 2010.

CONSUMER ADVICE WARNING

Did you know?

Small differences in both investment performances 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 fund balances 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 may be able to pay lower contribution fees and management costs where applicable. 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 Investment Commission (ASIC)** website (www.moneysmart.gov.au) has a superannuation investment fee calculator to help you check out different fee options.

Please note that as the Trustee only charges the fees required to operate the Fund, we are unable to reduce fees for any members.

ADDITIONAL EXPLANATION OF FEES AND COSTS

Management fees

Please note that the management fees shown in the table on page 34 and illustrated by the example in the table on page 35 of the Award and SG Category Member Booklet dated 12 November 2010 are calculated and deducted directly from members' accounts with effect from 30 June each year, or on the date of payment if a full benefit is paid from the Fund.

Insurance premiums

Please note that the insurance premiums set out on page 18 and 24 of the Award and SG Category Member Booklet dated 12 November 2010 are deducted from members' accounts with effect from 1 July each year for the financial year ahead. The premiums are deducted in September as part of the Fund's annual review.

By paying insurance premiums in advance, the Trustee is able to receive a significant discount from the insurer. If a benefit is paid to a member before the end of the financial year, an appropriate adjustment (refund) will be made for premiums deducted in respect of the balance of that year.

Tax

The following table replaces the table on page 33 of the Award and SG Category Member Booklet dated 12 November 2010.

Component	Age at date of lump sum benefits		
	Under 55 years	55 years to 59 years	60 years and over
Tax free	Tax free	Tax free	Tax free
Taxable	20% tax + Medicare Levy	Up to \$165,000* tax free, balance taxed at 15% + Medicare Levy**	Tax free

* The \$165,000 threshold is for the 2011/2012 year of income. These figures are indexed by the Tax Office.

** Medicare Levy is currently 1.5%.

To obtain current limits please contact us on **1300 368 891** (for the cost of a local call) or **(07) 3163 8867**.



Tax continued

The following information should be read in conjunction with the tax information provided on pages 32 and 33 of the Award and SG Category Member Booklet dated 12 November 2010.

FLOOD LEVY FOR 2011/12

For the 2011/12 year only, the Federal Government has introduced a temporary Flood and Cyclone Reconstruction Levy (flood levy) applying to taxable income. In addition to affecting PAYG salary and income, the flood levy will also apply to superannuation pension payments (and some lump sum payments) received in 2011/12, but only where the taxable component of the payment exceeds \$50,000. The flood levy applies in addition to existing taxation rates and will only apply to pension payments to members under age 60.

You are exempt from the flood levy if you have been affected by a declared natural disaster that occurred during 2010/11 and are in receipt of an Australian Government Disaster Recovery Payment from Centrelink.

If you convert your Award/SG Category benefit to a Mercy Super Income Stream (pension) benefit during the 2011/12 tax year and the taxable component of your pension payment in that year exceeds \$50,000, the flood levy will automatically be included in the tax taken out of your pension, regardless of whether you may be exempt. If you are exempt, you will be eligible to reclaim the flood levy when you lodge your income tax return for the 2012 financial year.

The rate at which the flood levy tax will apply is set out below.

Taxable income	Flood levy on this income
\$0 to \$50,000	Nil
\$50,001 to \$100,000	Half a cent for each \$1 over \$50,000
Over \$100,000	\$250 plus 1c for each \$1 over \$100,000

ANTI-DETRIMENT PAYMENTS

What is an anti-detriment payment?

Mercy Super makes anti-detriment payments to the dependant beneficiaries of deceased members.

In effect the anti-detriment payment represents a refund of the 15% contributions tax levied against their superannuation contributions paid to the Fund.

An anti-detriment payment is paid in addition to the account balance of the deceased member. It is only payable where the death benefit is being paid out as a lump sum.

Anti-detriment payments can only be made to a spouse, former spouse, or child (including an adult child) of the deceased member. A death benefit paid to the estate of a deceased member may include the anti-detriment benefit where the proceeds of the estate (or a portion of the proceeds) are to be distributed to a spouse, former spouse or child. Proof would be required to be provided to the Fund for this to occur.

How is the anti-detriment payment calculated?

Mercy Super will calculate the anti-detriment payment based upon whether the benefit was from a Defined Benefit or Accumulation account. The formula used for the Defined Benefit account has been provided by the Fund's Actuary. For accumulation calculations the Fund uses the formula supplied by the Australian Taxation office.

Is there any tax payable on an anti-detriment payment?

Lump sum payments from superannuation are broken into two components:

- Taxable component, and
- Tax-free component

The anti-detriment payment is included in the taxable component of a death benefit. Where the death benefit is

being paid to a spouse*, ex-spouse or minor child, the entire benefit, including the anti-detriment payment, will be tax-free as these beneficiaries are dependants for tax purposes and always receive a superannuation death benefit tax-free. However, where the anti-detriment payment is made to an adult child, it will be taxed at 15% plus Medicare Levy in line with the tax normally payable by a non-dependant beneficiary on the taxable component of a death benefit.

*Spouse generally means:

- Another individual (whether of the same sex or a different sex) with whom the individual is in a relationship that is registered under a state law or territory law prescribed for the purposes of Section 22B of the Acts Interpretation Act 1901 as a kind of relationship prescribed for the purposes of that section; and
- another individual (whether of the same sex or a different sex) who although not legally married to the member lives with the member on a genuine domestic basis in a relationship as a couple.

For further information on anti-detriment payments please contact the Fund.

TAX ON CONTRIBUTIONS

Please note that when calculating the tax on contributions described on page 32 of the Award and SG Category Member Booklet dated 12 November 2010, the calculation is performed AFTER insurance premiums have been deducted from employer contributions.

Contact Details

IN PERSON

Whitty Building
Mater Health Services
Raymond Terrace
South Brisbane QLD 4101

MAIL

PO Box 8334
Woolloongabba QLD 4102

PHONE

1300 368 891 or (07) 3163 8867

FAX

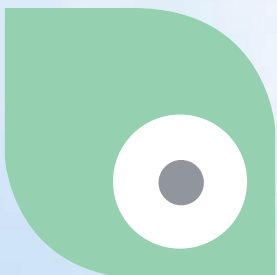
(07) 3163 2421

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SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT
AWARD AND SG CATEGORY
PREPARED 9 JUNE 2011



Always for you



MEMBER BOOKLET
AWARD & SG CATEGORY
PREPARED ON 12 NOVEMBER 2010



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IMPORTANT INFO

This combined Member Booklet and Financial Services Guide was prepared on 12 November 2010 as the combined Product Disclosure Statement (PDS) and Financial Services Guide for Mercy Super ABN 11 789 425 178 by the Trustee, Mercy Super Pty Ltd ABN 98 056 047 324.

The Trustee (Corporate Authorised Representative No. 268897) is authorised to provide general financial product advice in relation to superannuation under Australian Financial Services License No 238507 and is a Registered Superannuation Entity (RSE Licence # L0001359 and RSE Registration # R1004311).

Mercy Super (the Fund) provides you with a lump sum benefit when you resign or a lump sum or an account based pension when you retire and protection against uncertainties during your working life by offering you insurance in case of death and disablement.

This booklet is a guide to your benefits and entitlements as a member of the Fund's "Award Related and Superannuation Guarantee Charge Contributions Category" referred to here as the Award & SG Category. Further information is available on request. The Trustee will provide all the information it reasonably believes you will require to make an informed assessment of the Fund and its investment performance.

Unless your employer is a financial services licensee, it must not give financial product advice about the Fund or recommend a fund.

This booklet is not intended to be a substitute for the Trust Deed which is the document governing the Fund. In any matter of interpretation, the Trust Deed will always be the final authority.

Getting advice

The advice in this PDS is of a general nature and does not take into account your individual financial situation, objectives or needs. It should be read in conjunction with the latest Annual Report. You can obtain a copy from the Fund's website at www.mercysuper.com.au or by contacting us.

We encourage you to assess your own financial situation before making an investment decision based on the information contained in this booklet. You may wish to seek the advice of a qualified and independent financial adviser to help you with your decision making.

Member number

Your member number is shown on your new Member Certificate and annual Member Statements. You may wish to write it in the space below so you have a convenient record of it if you have any questions regarding your superannuation or the Fund.

My Member Number is:

CONTACT US

WEB www.mercysuper.com.au **PHONE** 1300 368 891 or (07) 3163 8867 **EMAIL** information@mercysuper.com.au

FAX (07) 3163 2421 **MAIL** Mercy Super PO Box 8334 Woolloongabba Qld 4102

Member Application

AWARD & SG CATEGORY



Please send this completed form to:

Mercy Super
PO Box 8334, WOOLLOONGABBA QLD 4102

Phone: 1300 368 891 or (07) 3163 8867

Email: information@mercysuper.com.au

Becoming a member of Mercy Super (the Fund) is easy. Please read your Member Booklet, and complete all sections of this form. Please refer to page 41 of your Member Booklet to check what other forms you may need to complete and return.

Please complete in a black or blue pen and BLOCK letters. This form is invalid if the Authorisation section is not signed.

1. Your personal details

Surname (Mr Mrs Ms Miss Dr)

Given names Date of birth / /

Residential address

Suburb State Postcode

Postal address (if different from above)

Suburb State Postcode

Email Telephone Mobile number

Your payroll number (if known)

Gender (✓ tick one only)
 Male Female

Are you, at the date of this application, at work and performing the full and normal duties of your occupation? (✓ tick one only)

Yes No

If you would like to receive your Annual Report electronically, please tick ✓ here.

2. Tax File Number (TFN) (See page 32 of your Member Booklet)

Superannuation funds are required and authorised to ask you for your TFN under the Superannuation Industry (Supervision) Act 1993.

You are not required to provide your TFN, but if you choose to do so the Trustee will only use it for approved purposes as outlined in this Member Booklet. I agree to provide my Tax File Number for approved purposes:

(✓ tick one only) Yes No I advise that my Tax File Number is:

3. Your employment details

Your employer's company name Date joined employer / /

Your occupation Contracted hours per fortnight

Nature of your employment (✓ tick one only) Full-time Part-time Casual

4. Personal contributions (See page 4 of your Member Booklet)

Do you wish to make personal contributions? I would like to contribute \$ per fortnight.

Do you wish to salary sacrifice these contributions? (✓ tick one only) Yes No

5. Investment choice (See page 7 to 13 of your Member Booklet)

I would like my existing account balance, future contributions, rollovers and investment earnings to be invested in the following investment option:

(Please tick ✓ only one option) Balanced Growth (default) Balanced Cash Shares Socially Responsible

Continues on next page >

6. Insurance cover (See page 14 to 28 of your Member Booklet)

Life and Total and Permanent Disablement (TPD) Cover and Income Protection insurance

> **Fund Standard Insurance Cover** – If you are eligible you will automatically be issued with Mercy Super's Standard Insurance Cover which is:

YOUR AGE	UNITS OF LIFE INSURANCE	UNITS OF TPD INSURANCE	INCOME PROTECTION INSURANCE
35 years and under	4	6	2 year Benefit Period and 30 day Waiting Period
36 years and over	4	4	2 year Benefit Period and 30 day Waiting Period

If you do not make a selection from the options below, you will automatically be provided with the Fund's Standard Insurance Cover as detailed above.

> **Additional Insurance Cover** – You may apply for additional units of insurance in excess of the Standard Insurance. Additional cover is not available until specific medical evidence has been provided by you and assessed and accepted by the Fund's Insurer. You can apply for any combination of number of units of Life and TPD Cover, subject to the maximum insurance benefit limits (\$10 million for life and \$3 million for TPD). However, TPD cover is only available in conjunction with Life cover.

Life and TPD

I wish to apply for a total of (number) Units of Life Cover and a total of (number) Units of TPD Cover. This includes the total Standard number of units of cover.

I do not wish to have any Life and TPD Insurance.

Income Protection Insurance

I wish to apply for Income Protection Insurance from the following options:

- (Please tick ✓)
- | | |
|--|--|
| <input type="checkbox"/> 30 Day Waiting Period and a 2 Year Benefit Period | <input type="checkbox"/> 90 Day Waiting Period and a 2 Year Benefit Period |
| <input type="checkbox"/> 30 Day Waiting Period and a 5 Year Benefit Period | <input type="checkbox"/> 90 Day Waiting Period and a 5 Year Benefit Period |
| <input type="checkbox"/> 30 Day Waiting Period and a Age 70 Benefit Period | <input type="checkbox"/> 90 Day Waiting Period and a Age 70 Benefit Period |

My annual salary is \$

I do not wish to have any Income Protection Insurance.

7. Nomination of beneficiaries (See page 29 of your Member Booklet)

A beneficiary must be a dependant – your spouse, child(ren), a person who is wholly or partially financially dependent on you or who meets the definition of interdependency at the date of your death or your Legal Personal Representative.

You have two options to nominate beneficiaries in the event of your death:

Option 1 – Non-binding: If you complete this section, the Trustee of Mercy Super will determine who is to receive your benefit in the event of your death. However, it will only take your wishes into consideration. Please provide the details of the beneficiaries who you would like to receive your superannuation benefit and any insurance in the event of your death. You can nominate more than one person. You can revoke this nomination in writing at any time. If you do not have any dependants (as defined) you may nominate your Legal Personal Representative.

FULL NAME	DATE OF BIRTH	RELATIONSHIP	% OF BENEFIT
			TOTAL: 100%

Option 2 – Binding: Tick ✓ this box if you would like to make a death benefit nomination that is binding on the Trustee and we will send you a Binding Death Benefit Nomination form for you to complete.

8. Authorisation

You must sign and date this form

I hereby apply to become a member of Mercy Super and agree to be bound by the provisions of the Trust Deed as it exists and as it may be amended from time to time.

I confirm that I have received and have had the opportunity of reading and understanding the Member Booklet dated 12 November 2010 attached to this Member Application form and that the information on this Member Application is true and correct to the best of my knowledge and belief.

I acknowledge that I have received and had an opportunity of reading the latest Annual Report to members.

Privacy

Mercy Super collects your personal information to establish and administer your superannuation account. If you choose not to provide your personal information we may not be able to process your Member Application or administer your account.

- I confirm that I have had the opportunity of reading and understanding Mercy Super's Privacy Statement on page 39 of the Member Booklet. I understand how the Trustee of the Fund intends to handle my personal information and acknowledge that my personal information will only be used for the purposes specified.
- I consent to the collection and use of my personal information by the Trustee to establish and administer my superannuation account.

Member's Signature

Date

/ /

FUND USE ONLY

Processed by:

/ /

Checked by:

/ /

Easy Rollover Form



Please send this completed form to:

Mercy Super
PO Box 8334, WOOLLOONGABBA QLD 4102

Phone: 1300 368 891 or (07) 3163 8867

Email: information@mercysuper.com.au

Before signing this form to transfer your superannuation benefits from your previous superannuation fund to Mercy Super, you should ask your previous fund for all information about your benefits in that fund (including transfer, exit, or other fees, insurance cover and the available investment options) that you need to understand the effects of transferring these benefits.

*** Indicates mandatory field. If you do not complete all the mandatory fields, there may be a delay in processing your request. Please complete in a black or blue pen and BLOCK letters. This form is invalid if the Authorisation section is not signed.**

1. Your personal details

Surname*	(Mr Mrs Ms Miss Dr)		
<input type="text"/>	<input type="text"/>		
Given names*	Date of birth*		
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Other/previous names	Gender (✓ tick one only)		
<input type="text"/>	<input type="checkbox"/> Male <input type="checkbox"/> Female		
Residential address	<input type="text"/>		
Suburb	State	Postcode	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Previous address (if the address held by your PREVIOUS fund is different to your current residential address)			
<input type="text"/>			
Suburb	State	Postcode	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Email	Telephone	Mobile number	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Tax File Number (see note overleaf)	<input type="text"/>	<input type="text"/>	<input type="text"/>

2. Previous fund details

Name of previous fund*		
<input type="text"/>		
Address of previous fund*		
<input type="text"/>		
Suburb	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>
Name of administration company (if known)	Phone number of previous fund (if applicable)	
<input type="text"/>	<input type="text"/>	
Fund membership or SPIN number*	Superannuation fund number or Australian Business Number (ABN)	
<input type="text"/>	<input type="text"/>	
Previous employer name (if applicable)	Approximate date I left	
<input type="text"/>	<input type="text"/>	

3. Mercy Super details

ABN 11 789 425 178 SFN 124 718 942 • Phone number **1300 368 891** Member number (if known)

4. Proof of identity* (see overleaf for details)

(✓ please tick)

I have attached a certified copy of my Driver's Licence or Passport

OR

I have attached certified copies of both:

Birth/Citizenship Certificate or Centrelink Pension Card **AND**

Centrelink payment letter or Government or local council notice showing name and address.

Continues on next page >

5. Authorisation

By signing this request I am making the following statements:

- I declare I have fully read this form and the information completed is true and correct.
- I am aware I may ask my superannuation provider for information about any fees or charges that may apply, or any other information about the effect this transfer may have on my benefits, and do not require any further information.
- I discharge the provider of my previous fund of all further liability in respect of the benefits paid and transferred to Mercy Super.
- I request and consent to the transfer of superannuation as described above and authorise the previous superannuation provider to give effect to this transfer.

Your name

Member's signature

Date

D	D	/	M	M	/	Y	Y	Y	Y
---	---	---	---	---	---	---	---	---	---

Important information regarding identification requirements

Completing Proof of Identity

You will need to provide documentation with this transfer request to prove you are the person to whom the superannuation entitlements belong.

The following documents may be used:

EITHER

One of the following documents:

- Driver's licence issued under State or Territory law
- Passport.

OR

One of the following documents:

- Birth certificate or birth extract
- Citizenship certificate issued by the Commonwealth
- Pension card issued by Centrelink that entitles the person to financial benefits.

AND

One of the following documents:

- A notice issued by a Commonwealth, State or Territory within the preceding 12 months that contains your name and residential address and records the provision of financial benefit. For example:
 - Centrelink benefits
- A notice issued by the ATO within the past 12 months that contains your name and residential address. For example:
 - Tax Office Notice of Assessment
- A notice issued by a local government body or utilities provider within the preceding three months that contains your name and residential address. For example:
 - A Rates Notice.

Have you changed your name or are you signing on behalf of another person?

If you have changed your name or are signing on behalf of the applicant, you will need to provide a certified linking document. A linking document is a document that proves a relationship exists between two (or more) names. These include Marriage Certificate, Deed Poll or Change of Name Certificate from Births, Deaths and Marriages Registration Office, Guardianship papers or Power of Attorney.

Certification of personal documents

All copied pages of ORIGINAL proof of identification documents (including any linking documents) need to be

I declare that:

- The details provided above are true and correct in every detail and I authorise Mercy Super to update its records accordingly.
- I have received and had the opportunity of reading the Fund's Member Booklets, including any Supplementary Product Disclosure Statements. I understand that the Fund's Financial Services Guide is available upon request and that it can also be read on the Fund's website.
- I have had the opportunity of reading the Fund's Privacy Policy and understand and approve how my personal information may be used.

certified as true copies by any individual approved to do so (see list on page 3).

The person who is authorised to certify documents must sight the original and the copy and make sure both documents are identical, then make sure all pages have been certified as true copies by writing or stamping 'certified true copy' followed by their signature, printed name, qualification (eg Justice of the Peace, Australia Post employee, etc) and date.

We will contact your previous fund

Completing this form authorises the Trustee of Mercy Super to contact your previous fund/s. The Fund will arrange for your benefits to be rolled over.

What if you have more than one previous super fund?

If you have more than one fund to rollover into Mercy Super, please complete a separate form for each fund.

Privacy information

Information on this form will be handled by the Fund to process your benefit payment. It may be disclosed to your employer, government agencies and other parties as required, including the trustee of any other fund you may transfer to. By signing this form you consent to this handling of your personal information. If you do not provide the information we may not be able to make payment as requested. You may access your personal information by contacting the Fund's Privacy Officer.

Tax File Number (TFN)

You are not obligated to provide your TFN to your superannuation fund. However, if you do not provide your TFN, your benefit may be taxed at the highest marginal tax rate plus the Medicare levy on employer and salary sacrifice contributions made to your account in the year, compared to the concessional tax rate of 15%. Your fund may deduct this additional tax from your account.

If your superannuation fund does not have your TFN, you will not be able to make personal contributions to your superannuation account. Choosing to quote your TFN will also make it easier to keep track of your superannuation in the future.

Under the Superannuation Industry (Supervision) Act 1993, your superannuation fund is authorised to collect your TFN, which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change. The TFN may be disclosed to another superannuation provider, when your benefits are being transferred, unless you request in writing that your TFN is not to be disclosed to any other trustee.

Continues on next page >

FUND USE ONLY	Processed by: / /	Checked by: / /
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Persons who can certify identification documentation

The list of persons who can certify member's customer identification documentation has been expanded.

The following persons are able to certify documents:

- a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- a judge of a court
- a magistrate
- a chief executive officer of a Commonwealth court
- a registrar or deputy registrar of a court
- a Justice of the Peace
- a notary public
- a police officer
- an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public
- a permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public
- an Australian consular officer or an Australian diplomatic officer (within the meaning of the *Consular Fees Act 1955*)
- an officer with 2 or more continuous years of service with one or more financial institutions (for the purposes of the *Statutory Declaration Regulations 1993*)
- a finance company officer with 2 or more years of continuous service with one or more finance companies (for the purposes of the *Statutory Declaration Regulations 1993*)
- an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants
- Chiropractor
- Dentist
- Legal practitioner
- Medical practitioner
- Nurse
- Optometrist
- Patent attorney
- Pharmacist
- Physiotherapist
- Psychologist
- Trade marks attorney
- Veterinary surgeon
- Bailiff
- Clerk of a court
- Commissioner for Affidavits
- Commissioner for Declarations
- Employee of the Australian Trade Commission who is:
 - (a) in a country or place outside Australia; and
 - (b) authorised under paragraph 3 (d) of the *Consular Fees Act 1955*; and
 - (c) exercising his or her function in that place
- Employee of the Commonwealth who is:
 - (a) in a country or place outside Australia; and
 - (b) authorised under paragraph 3 (c) of the *Consular Fees Act 1955*; and
 - (c) exercising his or her function in that place
- Fellow of the National Tax Accountants' Association
- Holder of a statutory office not already specified in one of the other items listed
- Marriage celebrant registered under Subdivision C of Division 1 of Part IV of the *Marriage Act 1961*
- Master of a court
- Member of Chartered Secretaries Australia
- Member of Engineers Australia, other than at the grade of student
- Member of the Association of Taxation and Management Accountants
- Member of the Australian Defence Force who is:
 - (a) an officer; or
 - (b) a non-commissioned officer within the meaning of the *Defence Force Discipline Act 1982* with 5 or more years of continuous service; or
 - (c) a warrant officer within the meaning of that Act
- Member of:
 - (a) the Parliament of the Commonwealth; or
 - (b) the Parliament of a State; or
 - (c) a Territory legislature; or
 - (d) a local government authority of a State or Territory
- Minister of religion registered under Subdivision A of Division 1 of Part IV of the *Marriage Act 1961*
- Permanent employee of:
 - (a) the Commonwealth or a Commonwealth authority; or
 - (b) a State or Territory or a State or Territory authority; or
 - (c) a local government authority;with 2 or more years of continuous service who is not already specified in one of the other items listed
- Person before whom a statutory declaration may be made under the law of the State or Territory in which the declaration is made
- Senior Executive Service employee of:
 - (a) the Commonwealth or a Commonwealth authority; or
 - (b) a State or Territory or a State or Territory authority
- Sheriff
- Sheriff's officer
- Teacher employed on a full-time basis at a school or tertiary education institution
- Member of the Australasian Institute of Mining and Metallurgy.

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About the Fund

Mercy Super was originally established as the Sisters of Mercy Staff Superannuation Scheme in 1962 by the Sisters of Mercy, Queensland, to provide benefits for all employees working for an employer that is registered to make contributions to the Fund. The Fund strives to assist our members achieve a financially secure lifestyle in later years through tax effective savings.

While the Fund is small enough to provide real personal service, we are of a size where we can negotiate deals that translate into value for our members.



COMPARE AND SEE FOR YOURSELF!

When comparing Mercy Super with other funds, it is very important you take into consideration the following:

Personalised Service	One of the main attributes that sets us apart from other funds is our level of personal service. You are always welcome to visit the Fund office or contact us on 1300 368 891.
Profit for members	The Fund's profits are not diminished by paying dividends to shareholders or commissions to agents. We return ALL PROFITS to members.
Member Education	In addition to the Fund's printed communication materials such as brochures, fact sheets, newsletters, reports and annual statements, you can also attend seminars.
Regular reporting and information	You can log on to our website and gain secure access to your personal account information.
Competitive investment returns	The Fund has a history of providing members with comparatively strong long term investment performance.
Investment options	You have a choice of five different investment options to suit your investment needs, each with a unique spread of defensive and growth assets in their makeup (see pages 7 to 13).
Financial Planning	You have access to independent financial planning advice through Industry Fund Financial Planning. As this firm exists to provide advice to members of funds like Mercy Super, it provides its services on a low-cost, commission free basis.
Income Stream	Mercy Super can continue to help you manage your superannuation benefits during your transition into retirement and beyond. The Fund offers two Income Stream products to all eligible members – a Pre-Retirement Income Stream and an Account-based Income Stream. As the name suggests, an Income Stream Account provides you with an ongoing stream of income while you are reducing your working hours and when you retire. It enables you to access your superannuation benefits, yet keep your money invested in the superannuation investment environment.
Not just super	You have access to other products and services including competitive home and personal loans, credit cards and savings accounts through ME Bank.

Getting started

BECOMING A MEMBER

Becoming a member is easy, all you have to do is:

- Read the information in this booklet, and
- Complete, sign and return:
 - The *Member Application*, and
 - The *Easy Rollover* form, if you wish to transfer your other super accounts into the Fund,

Both of these forms can be found at the front of this booklet.

- » **Please note:** Anti-money laundering legislation now requires you to provide proof of your identity with any transfer you make. Full details of what is required can be found on the back of the *Easy Rollover* form.

ELIGIBILITY

If you are an employee who qualifies for superannuation under an Award, Certified Agreement or any Federal Government legislation, either on a full-time, part-time or casual basis, and you are employed by an employer that has agreed to make contributions into the Fund, you are eligible to become a member.

- » **Please note:** If in the future you become a member of the *Contributory Accumulation* categories of the Fund, you will no longer be entitled to benefits under the *Award & SG* category and, as such, your accumulated benefits will be transferred to your new category of membership.

CONFIRMING YOUR MEMBERSHIP

Your membership of the Fund will commence on the date you start work with your employer and we have received confirmation of this from your employer.

After your *Member Application* has been processed you will be sent a *Member Certificate* and a copy of the latest *Annual Report*.

FINANCIAL PLANNING ADVICE

It's important that the financial decisions you make are the right ones for your situation.

Seeking professional financial advice is quite common when making important financial decisions specifically relating to superannuation matters including investment choice, tax, insurance and contributions. Therefore, we suggest you consider obtaining qualified financial advice to help you make the most of your superannuation benefit.

The Trustee recognises the importance of financial advice, and has established a relationship with Industry Fund Financial Planning (IFFP) to provide members with direct access to quality financial advice.

This firm was formed to provide members of funds like Mercy Super with low cost, commission free financial advice. To find out more about how IFFP can assist you reach your financial goals, please contact the Fund, or IFFP directly on 1300 138 848.

«*Joining is easy, read this booklet and complete and return the forms.*»



About your Fund Accounts

YOUR ACCOUNTS

When you join the Fund several sub-accounts are maintained in your name (if applicable). The sub-account names and how they are made up are detailed below:

Employer account	Voluntary account
<ul style="list-style-type: none"> Your employer's contributions PLUS or MINUS Investment earnings* from the investment option which you have chosen LESS Insurance premiums (if any) LESS Fees and taxes (i.e. administration fees, management costs – asset fees, family law and withdrawal fees if applicable, contributions tax, etc) 	<ul style="list-style-type: none"> Your before or after-tax personal contributions (if any) PLUS or MINUS Investment earnings* from the investment option which you have chosen LESS Contributions tax (if any)
Rollover account	Family Law account
<ul style="list-style-type: none"> Any amount rolled over from other funds PLUS or MINUS Investment earnings* from the investment option which you have chosen LESS Contributions tax (if any) 	<ul style="list-style-type: none"> Any amount relating to a Family Law split PLUS or MINUS Investment earnings* from the investment options which you have chosen

>> **Please note:** In times of investment instability it is possible that investment earnings applied to your accounts may be negative. When this occurs the applicable amount is deducted from your account balance.

ANNUAL STATEMENTS

As a member of the Fund you will receive a *Member Statement* showing your account details as at **30 June** each year including any transactions that have taken place during the year i.e. contributions, investment earnings, insurance premiums, etc.

You can phone, fax or email the Fund or call in personally to get information about your account. Contact details can be found on the inside front cover of this booklet.

ONLINE ACCESS TO YOUR ACCOUNTS

Once you have registered, you will be able to obtain secure online access to your personal account information anytime of the day.

Be sure to provide us with your email address when you complete your Member Application to ensure the smooth activation of your Member Online account. Member Online is available through the Fund's website www.mercysuper.com.au

Boost your super

You work hard. It is important your super works hard too!

Factors that can significantly affect how much your super will grow are:

- **How** early your super contributions start
- **How much** is invested during your working life
- The **investment performance** of the option in which you invest, and
- The **amount of fees and taxes deducted from** your account.

YOUR EMPLOYER'S CONTRIBUTIONS

Your employer contributes to the Fund on your behalf an amount equal to the greater of the following:

- The rate set under an Industrial Agreement, or
- The 'Superannuation Guarantee level', which is currently 9% p.a. of Ordinary Time Earnings.

YOUR CONTRIBUTIONS

You may elect to make personal contributions to the Fund. You are able to make these from either your before-tax (salary sacrifice) or after-tax pay and you can commence these at any time.

Two easy ways to contribute – We make it easy for you to boost your super by giving you the flexibility to contribute in any of the following ways.

- **Payroll deduction** (if available through your employer) – You will need to speak to your employer to arrange deductions of personal contributions from your pay.

- **Salary sacrifice** – Salary sacrifice is an arrangement between you and your employer where you agree with your employer that rather than receive part of your income as salary or wages, your employer will make an equivalent super contribution on your behalf.

The amount specified is paid directly into your Fund account before any income tax is deducted and your gross salary or wages is reduced for taxation purposes. Contributions tax is deducted when the contribution is received by the Fund.

More information on salary sacrifice is contained on page 5 or contact the Fund if you would like more information.

ROLL-IN AND SAVE

If you have had several jobs during your working life then the chances are you may have other super accounts. This situation is more common than you think!

If you do have other super accounts then it may be a good idea to roll it all over into your Fund account. Doing so has some real advantages!

- **It saves you money** – pay only one set of low administration fees.
- **It's effortless** – keeping track of several funds can be hard work. Only having one fund means less financial records and less chance of losing track of your super.
- **No entry fees** – you will have more money to invest.

SPOUSE CONTRIBUTIONS

Another feature of being a member of the Fund is that your spouse can make contributions for you too.

Spouse generally means:

- another individual (whether of the same sex or a different sex) with whom the individual is in a relationship that is registered under a state law or territory law, and
- another individual who although not legally married to the member lives with the member on a genuine domestic basis in a relationship as a couple.

The law stipulates a number of requirements for contributions. These are outlined in the section below.

Both you and your spouse must be Australian residents at the time the spouse contributions are made.

You can also make contributions on behalf of your spouse in an account in their name.

If you make spouse contributions on behalf of your low-income or non-working spouse, you may qualify for a tax offset of up to 18% of the contributions.

The maximum tax offset for a year of income, is \$540. The rebate is reduced by \$1 for each \$1 that the total of your spouse's assessable income, plus reportable employer superannuation contributions, and reportable fringe benefits exceeds \$10,800 p.a. and reduces to zero when your spouse's assessable income plus reportable employee superannuation contributions and reportable fringe benefits reach \$13,800 p.a.

- Spouse contributions can only be accepted by the Fund if, at the time the contributions are made:
- The spouse receiving the contribution is under the age of 65, or
- The spouse is aged between 65 and 69 and has worked at least 40 hours in a period of not more than 30 consecutive days in the current financial year.

If you or your spouse would like to find out more about spouse contributions please contact us for further details.

Salary Sacrifice Superannuation and Government Assistance Programmes

With effect from 1 July 2009, there are some important changes to the way salary sacrificed superannuation is treated in income tests for a range of Government assistance programmes. These changes also will directly impact on the accounts of some members.

In effect, salary sacrificed superannuation will now be included as income for these programmes.

These changes also introduce the concept of "reportable employer superannuation contributions". These contributions must be reported by employers on PAYG Payment Summaries for income years commencing on or after 1 July 2009.

A "reportable employer superannuation contribution" for an individual is an amount contributed by an employer for the individual's benefit to a superannuation fund, where either or both of the following apply:

- the individual has or has had, or might reasonably be expected to have or have had, capacity to influence the size of the amount; and/or
- the individual has or has had, or might reasonably be expected to have or have had, capacity to influence the way the amount is contributed so that their taxable income is reduced.

These contributions will now be included in the income test for eligibility for the Government's Co-contribution scheme (see page 6) as well as for the spouse superannuation contributions tax offset.

Reportable employer superannuation contributions will now be included in the income test for eligibility to a range of Government benefits and programs.

It is important to note that salary sacrifice is still available.

Government Co-contribution – A Super Boost

If you are on a low or middle income, you have a significant incentive to contribute to your super to save for your retirement – the Government could match every dollar you put into your super from after tax pay.

The Government's Co-contribution could mean a super boost of up to \$1,000 a year into your Fund account if you contribute \$1,000 or more and you are eligible.

When assessing your eligibility, the Government will look at your total after-tax contributions made during the relevant year. This means you can choose to make a one-off contribution or a whole series of smaller contributions throughout the year.

You will qualify if:

- you make a personal after-tax contribution to a complying superannuation fund like Mercy Super; and
- at least 10% of your income is earned as an employee, carrying on a business, or a combination of both; and

- you are under age 71 at the end of the financial year in which you make the contribution(s) i.e. 30 June 2011; and
- you are an Australian citizen or permanent resident for that financial year; and
- you lodge a tax return for that financial year; and
- your income is less than the higher income threshold (currently \$61,920 – see right).

Any amounts you contribute and receive as a co-contribution must generally be retained in superannuation until you reach 65 or satisfy another requirement set by the Government for accessing your super.

The co-contribution is free of contributions tax (treated as a non-concessional contribution for tax purposes) and is returned tax-free to you at retirement. However, any earnings on the co-contribution, while invested in the Fund, will be subject to concessional tax rates. Go to page 32 to find out more about non-concessional contributions.

HOW MUCH IS IT AND WHAT ARE THE LIMITS?

Co-contributions work on a sliding scale, i.e. the more you earn the less you get.

- if you earn up to \$31,920* p.a. – the Government will match every dollar you contribute to super from your after tax pay, up to a maximum of \$1,000 p.a.
- if you earn between \$31,920* p.a. and \$61,920* p.a. – the maximum Government co-contribution will gradually reduce until it phases out at an income level of \$61,920*.

*These amounts relate to the 2010/2011 and 2011/2012 financial years.

Income is defined as assessable income plus reportable employer superannuation contributions (these are explained on above) and any reportable fringe benefits.

Government Co-contribution – A Super Boost (cont)

>> This table shows how much the co-contribution will be, based on various annual earnings and a \$1,000 after tax personal contribution.

And your income is:	If your personal super contribution is:			
	\$1,000	\$800	\$500	\$200
\$31,920 or less	\$1,000	\$800	\$500	\$200
\$34,921	\$900	\$800	\$500	\$200
\$37,921	\$800	\$800	\$500	\$200
\$40,921	\$700	\$700	\$500	\$200
\$43,922	\$600	\$600	\$500	\$200
\$46,922	\$500	\$500	\$500	\$200
\$49,922	\$400	\$400	\$400	\$200
\$52,922	\$300	\$300	\$300	\$200
\$55,923	\$200	\$200	\$200	\$200
\$58,923	\$100	\$100	\$100	\$100
\$61,920	\$0	\$0	\$0	\$0



Investment choice – it's your money

IT'S YOUR CHOICE

We understand that members have different views about the way they would like to see their super savings invested. That is why we let you choose your own investment strategy.

You can choose from investment options that deliver the potential for higher returns, greater relative security or a mix of both – whatever suits your investment objectives, time frame and tolerance for risk. Importantly, you are not tied down to one investment option – you can change it from time to time.

You have a choice of five:

- **Balanced Growth**
(the Fund's default option – please see the far column)
- **Balanced**
- **Cash/Cash Enhanced**
- **Shares, and**
- **Socially Responsible Investments.**

WHY MAKE A CHOICE?

The decision to choose an investment option means that your super is invested in a way that suits you. Aspects such as your age, your tolerance to risk and your future expectations all impact on your investment decision.

The investment section in this booklet provides general information about the Fund's investments. When making your choice you may wish to obtain financial advice from a licensed financial adviser.

TAKE CONTROL

Managing your super is just like managing any other type of investment you may have. It is about finding the balance between security and performance that you feel comfortable with and then putting into action an investment plan that will help you achieve your future financial goals.

So don't delay. Take control of your super investment today.

If you don't make a choice

*You don't have to make an investment choice when you join if you don't want to. If you don't choose an investment option your super will be automatically invested in the default option, which is **Balanced Growth**.*

Of course, this doesn't mean you are locked into the default option forever. You have the flexibility to choose your own investment option at a later time if you wish.

BEFORE YOU START TO INVEST

You are encouraged to read the following sections before making your investment choice decision. It is important you take the time to learn the basics, as it will help you to understand your risk and return expectations and it will put you in a better position to select the investment option that is best suited to you.

SWITCHING INVESTMENT OPTIONS

The Fund gives you the flexibility to switch your investment option on a monthly basis at no cost. The effective date of switches is the first day of the month.

To change your investment selection you need to complete and return a *Change of Member Investment Choice* form to the Fund at least seven working days before the end of the month. This will ensure your super is invested the way you want on the first working day of the

following month. If your switch advice is not received within seven working days before the end of the month, your switch will take effect on the first day of the following month.

You will receive a letter of confirmation of your switch following the receipt of your *Change of Member Investment Choice* form.

You can obtain a *Change of Member Investment Choice* form by downloading one from the website www.mercysuper.com.au or by calling us and we will send one to you.

Example

If your switch advice is received any time between the first and 23 June, your switch will take effect from 1 July. If it is received any time between 24 and 30 June, your switch will take effect from 1 August.

Investment choice – it's your money (cont)

UNDERSTAND THE BASICS

The Fund invests your savings across four main types of investments or asset classes:

- Cash
- Fixed Interest (or bonds)
- Property
- Shares – Australian and overseas.

These asset classes are grouped into two types – growth assets and defensive assets.

Growth assets

Growth assets tend to be more risky – but can deliver higher returns over the long-term. Growth assets include:

- **Shares** – Companies listed on a stock exchange issue shares (also known as equities or stocks) to raise capital. You become a shareholder and part owner when you purchase shares in the company and that means you are entitled to any company profits (which are distributed as dividends). Company performance, industry conditions or movement in the share market can impact share prices – make it rise and fall.
- **Property** – Includes land and buildings that can be bought, sold or leased. Investing in property through a super fund lets you and other members pool money to enable you to part-own properties that would otherwise be too expensive for you to acquire on your own. For example, office buildings and shopping centres. Like shares, property is influenced by many factors including supply and demand and market conditions.

Defensive assets

Defensive assets are less risky – therefore can be used to protect your investment against loss. However, they generally deliver lower returns. Defensive assets include:

- **Fixed Interest** – When an investor lends money to governments, semi-government bodies and corporations, interest is paid at an agreed rate, which is fixed for the term of the loan. These investments are also known as bonds.

Fixed Interest investments can be held until they mature or traded at any time before maturity. If they are sold before maturity, the price will depend on the interest rate at the time. Returns from fixed interest investments occur from regular interest payments and any change in value caused by movements, either up or down, in interest rates. Fixed interest is usually a more stable investment than shares, but can be affected by factors such as interest rates, currency movements and the economic climate as well.

- **Cash** – Investments in cash includes money invested in term deposits or bank bills and interest is earned on the cash invested. This is similar to having money in a bank account. Over the long term, cash is likely to produce the lowest return of all the main asset classes.

Overseas investments

Investments in shares and fixed interest can be made in Australia or overseas. In fact, the Australian share market accounts for less than 2% of the world share markets. When investing overseas, returns can also be affected by changes in the value of the Australian dollar. These

changes can enhance overseas returns (when the Australian dollar is falling) or detract from overseas returns (when the Australian dollar is rising).

Other Investments

The Trustee also invests in assets that are not listed on common investment markets, including private equity (very similar to shares, see above) and infrastructure, for example, investment in airports, toll roads, power plants etc.

More information about the Fund's investments can be obtained from the most recent Annual Report.

UNDERSTAND INVESTMENT RISK

Because your money is invested in financial markets, you are exposed to investment risk.

One measure of investment risk is the degree to which returns go up and down in value over time. You cannot consider return without risk and generally, the higher the potential return, the higher the risk. In order to achieve higher returns you must be willing to take on more risk. While shares, property and fixed interest securities might offer higher long-term returns than cash, they also expose you to higher levels of risk, particularly in the short term.

In financial terms, there is also a risk of not having enough assets or money to provide you with the lifestyle you desire in retirement. Therefore, if you try to avoid risk altogether you may in fact not save enough to provide you with this lifestyle. In fact, it may not even keep pace with inflation.

Your tolerance to risk is an important factor to consider before making your investment choice. Everyone has a different tolerance to risk and you need to be comfortable with the level of risk that is associated with the investment option you choose.

☞ *Remember, super is a long term investment.* ☞☞

THINK ABOUT YOUR INVESTMENT TIMEFRAME

Your investment time frame is the period between the day you begin to invest and the day you will need to use your super benefit to live on in retirement. This period becomes very important when choosing your investment option.

Remember, your investment time frame may not necessarily end at retirement. After retirement at say age 60, the average person can expect to live at least another 20 years. So even if you only have a short time until you retire you should consider the investment option that will best meet your particular needs well into retirement.

If you don't intend to access your money for a long time, you may be willing to accept the ups and downs in value that are associated with a higher risk option. This could maximise your expected return over the long term. The longer your investment time frame, the more time you have to ride out the ups and downs. If you have a short time-frame then stability in the value of your investment may be important to you.

TARGET ASSET ALLOCATIONS

The Target Asset Allocations for each option (shown on the following two pages) indicate approximately how much of that option is invested in the various asset classes (e.g. shares, property, cash etc). The proportions shown are the Trustee's targets as at the date this Booklet was printed.

While it is likely that these allocations may change over time, any changes are expected to be relatively minor (i.e within plus or minus 5% of the allocation shown).

DERIVATIVES

The Trustee has not and does not intend to invest directly in derivatives. However, the Fund's investment managers have the discretion to invest in derivatives under their

existing investment arrangements with us, if it is felt to be appropriate.

INVESTMENT RETURNS

Investment returns will be allocated to your account based on the crediting rates declared by the trustee from time to time for each of the various investment options.

The Trustee, acting on the advice of the Fund's Investment Adviser, sets an interim crediting rate at each option on a monthly basis. These rates apply from the start of the financial year (and as such are effectively replaced by a new set of returns at the start of each successive month).

These interim crediting rates are only used to pay benefits and to provide quotations. Investment earnings (which may be positive or negative) are applied based on the number of days from the effective date of each transaction (such as contribution) multiplied by the current interim rate.

THE MAGIC OF COMPOUNDING

Compounding is, put simply, earning investment earnings on the investment earnings you currently have.

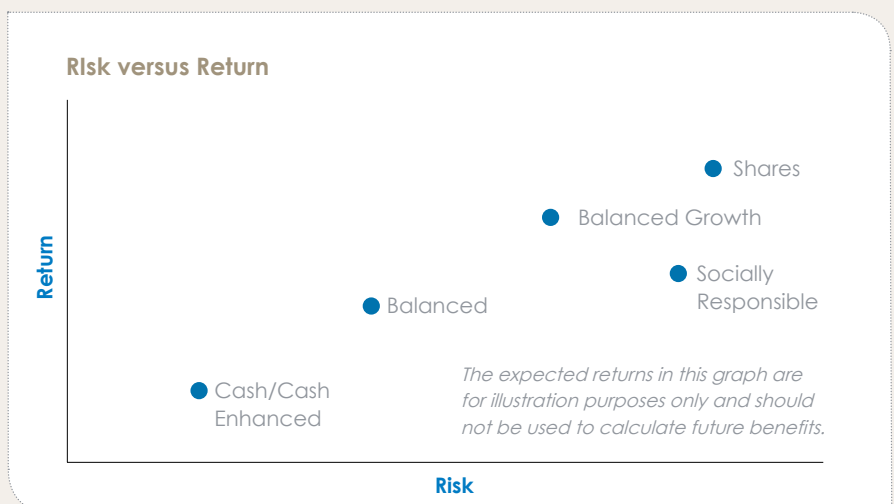
Example

If you invest \$1,000 and the annual return is 6%, the investment earnings in the first year is \$60 (6% x \$1,000). You now have an account balance of \$1,060. If in the second year you did not contribute at all and the annual return was again 6%, the investment earnings would be \$64 (6% of \$1,060) meaning your account balance is now \$1,124, and so on.

Consider the impact compounding would have on a larger amount and if you contributed on a regular basis. A short time frame then stability in the value of your investment may be more important to you.

RISK AND RETURN

>> *The chart below shows the broad long-term relationship between risk and return and where each of the Fund's five investment options appears on the risk/return scale.*



The expected returns in this graph are for illustration purposes only and should not be used to calculate future benefits.

Investment objectives and strategy

Balanced Growth (default option)

Overview

The Balanced Growth option seeks to obtain relatively high returns in the long-term with a correspondingly higher level of risk by investing in a diversified set of asset classes with a bias towards growth assets.

Balanced

The Balanced option seeks to obtain consistent returns in the long-term while reducing the level of risk by investing in a diversified set of asset classes that is split between defensive and growth assets.

Investment performance to 30 June 2010 (superannuation categories) ⁽¹⁾

Year	Return
5yr compound average	4.17%
2010	10.25%
2009	-13.50%
2008	-4.90%
2007	17.00%
2006	15.58%

Year	Return
5yr compound average	4.67%
2010	9.40%
2009	-8.10%
2008	-0.10%
2007	12.30%
2006	11.40%

Risk

Medium to high

Medium

Investment objective

To maximise the long-term investment earnings subject to:

- i. A 75% minimum probability of achieving a crediting rate equivalent to inflation (as measured by the change in the Consumer Price Index) plus 3% p.a. over rolling five year periods, and
- ii. The expected frequency of negative returns for this option is three years over a 20 year period.

To maximise the long-term investment earnings subject to:

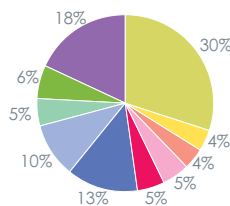
- i. A 85% minimum probability of achieving a crediting rate equivalent to inflation (as measured by the change in the Consumer Price Index) plus 2% p.a. over rolling five year periods, and
- ii. The expected frequency of negative returns for this option is two years over a 20 year period.

Suggested minimum time horizon

Target asset allocation ⁽²⁾

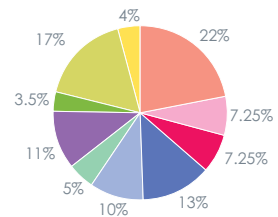
- Australian Shares
- International Shares (hedged)
- International Shares (unhedged)
- Private Equity
- Property
- Infrastructure
- Australian Fixed Interest
- International Fixed Interest
- Cash/Cash Enhanced
- Absolute Return Strategies
- Alternatives

At least five to seven years



Australian Shares	20 – 40%
International Shares	10 – 40%
Private Equity	0 – 16%
Property	5 – 20%
Infrastructure	5 – 20%
Australian Fixed Interest	0 – 10%
International Fixed Interest	0 – 10%
Cash/Cash Enhanced	0 – 10%
Absolute Return Strategies	0 – 8%

At least three to five years



Notes: 1. Past performance is not an indicator of future returns. 2. The Target Asset Allocations for each investment option indicate approximately how much of that option is invested in the various asset classes (e.g. shares, property, cash etc).

INVESTMENT RANGES

Applies to the Balanced Growth and Socially Responsible options only.

Refer to the Fund's website for updated returns

Cash/Cash Enhanced

The Cash/Cash Enhanced option is designed to provide the most stable returns out of all the Fund's investment options. It will suit members with a short-term investment time horizon. Note: Over the long-term you can expect a lower return from Cash/Cash Enhanced than any other Fund option.

Year	Return
5yr compound average	4.84%
2010	5.10%
2009	4.18%
2008	4.70%
2007	5.60%
2006	4.72%

Shares

The Shares option seeks to obtain long-term returns which are in excess of the other four options with a commensurately higher level of risk. All assets within this option are invested either in international or Australian shares.

Year	Return
5yr compound average	4.22%
2010	12.10%
2009	-14.60%
2008	-13.10%
2007	22.80%
2006	20.36%

Socially responsible

In this option, investments are selected using a socially responsible test or screen which takes into account factors including environmental and social impact, workplace and employment practices and positive contribution to society.

Year	Return
2010	9.30%
2009	-9.40%
2008	-20.30%

Please note: The SRI option was introduced in December 2007 so a 5 year average figure is not available.

Very low

By investing in a combination of cash and enhanced cash funds, the Cash/Cash Enhanced option seeks to obtain:

- i. Long-term returns which are similar to those available from short-term cash investments with minimal risk of capital loss.
- ii. The expected frequency of negative returns for this option is nil.

Very high

To maximise the long-term investment earnings subject to:

- i. A 55% minimum probability of achieving a crediting rate equivalent to inflation (as measured by the change in the Consumer Price Index) plus 5% p.a. over rolling 10 year periods, and
- ii. The expected frequency of negative returns for this option is five years over a 20 year period.

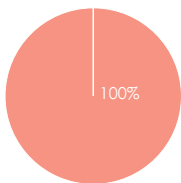
Medium to high

To provide moderate to high returns while:

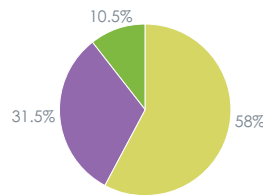
- i. Accepting medium levels of volatility and provide a total return after costs and before tax which is higher than the return from the performance benchmark of the underlying fund over a rolling five year period and,
- ii. The expected frequency of negative returns for this option is four years over a 20 year period.

Please note: This option is fully invested in the AMP Capital Investors Responsible Investment Leaders Balanced Fund.

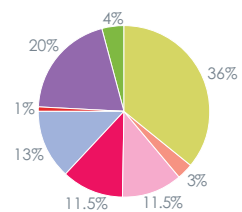
Less than three years



At least eight to ten years



At least five years



The proportions shown are the Trustee's target as at 12 November 2010. It is likely that in these allocations may change over the time, both in response to financial markets movements and as the Trustee makes small changes to the fund managers appointed. Any changes are expected to be relatively minor (i.e. within plus or minus 5% of the allocation shown).

Australian Shares	31 – 41%
International Shares (Unhedged)	15 – 25%
International Shares (Hedged)	0 – 9%
Property	0 – 28%
Australian Fixed Interest	5 – 18%
International Fixed Interest	5 – 18%
Cash/Cash Enhanced	0 – 8%
Alternatives	0 – 6%

“You can switch your investment option monthly at no cost”

More about investments

LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

Apart from the Fund's Socially Responsible investment option (please refer to below and page 11 of the Member Booklet), which does take into account labour factors including environmental impact, social impact, workplace and employment practices and positive contribution to society, the Trustee of the Fund does not take labour standards or environmental, social or ethical considerations into account when selecting, retaining or redeeming all its other investments.

Investments and investment managers are selected purely on their ability to contribute toward the achievement of the investment objectives of the Fund.

SOCIALLY RESPONSIBLE INVESTMENT

The Socially Responsible Investment option is fully invested in the AMP Capital Investors Responsible Leaders Balanced Fund.

This fund uses a diversified multi manager strategy that blends manager styles and asset classes, with the objective of providing investors with competitive returns across a range of markets.

In selecting managers, consideration and assessment is made from a financial, social and environmental perspective. Specifically, AMP Capital Investors seek out managers that are identifying leaders across industries, in their responsible approach to the following issues:

- **Environmental considerations** – including energy and resource use and product stewardship (for example, where a company takes into account the life cycle of the product, from manufacture to the extent to which the product can be recycled).
- **Social considerations** – including indigenous relations and community involvement.

- **Ethical considerations** – including meeting fundamental human rights, and articulating and implementing a Code of Conduct.
- **Labour standards** – including Occupational Health and Safety, International Labour Organisation standards, working conditions and the exclusion of child labour.
- **Governance considerations** – including meeting corporate governance guidelines on board structures and remuneration. Additionally, investment managers and funds will also be well regarded if they actively participate in corporate engagement and governance initiatives.
- Managers are also required to avoid companies that derive more than 10% of their total revenue from sectors with recognised high negative social impact. This includes the production of alcohol, gambling, pornography, tobacco and uranium.

The SRI Option invests in the AMP Responsible Investment Leaders Balanced Fund. This product can also be accessed directly via AMP. You can find out more about this product and obtain a Product Disclosure Statement at www.ampcapital.com.au/ampfp/ril/balanced.asp.

* Please contact Mercy Super if you require further information.

INVESTING YOUR MONEY

The Trustee Board decides where the Fund's money should be invested after seeking professional advice from its investment consultant, Frontier Investment Consulting. (AFSL No. 241266)

Assets are allocated within ranges set by the Board after consultation with its investment consultant. The Board reviews these ranges on a regular basis.

Specialist investment managers are selected for each of the asset classes. They are chosen on a management and performance

basis and they are required to report regularly to the Board. The investment managers are constantly monitored by the Trustee.

Details of where the money is invested can be found on our website, in the latest Annual Report, or you can contact us to request the information.

RESERVING POLICY

Balanced Growth is the only investment option which holds a reserve and it has operational and investment related components.

The reserve is intended to be used as a calculation buffer, enabling the Trustee to issue Member Statements before audited Financial Statements are available, as well as to meet any contingencies, such as any unexpected operational or tax payments. As such, the Trustee does not use the reserve to materially smooth returns to members.

The level of reserves will be determined by the Trustee at the time of declaring the final crediting rate with the level to be consistent with the Fund's investment policy and objectives. The Trustee may build a reserve up to 1% of the total Fund value to ensure that members are adequately covered in case of any unexpected events. It is intended that this level be reached over several years.

The reserving policy will be reviewed at the end of each financial year, especially the reference to the target level, to ensure it is appropriate given the growth of the Fund.

The level of reserves for the last 3 years is shown below

Year ending 30 June	Reserve as a % of Accumulation Section Assets	Reserve \$'000
2010	0.52%	1,933
2009	0.27%	783
2008	0.39%	1,174

Risk

There are various types of risk associated with investing in a super fund, the most important of which are discussed here.

There are also risks in choosing particular investment options, as all investments are subject to varying risks and generally all investments change in value over time. Different asset classes perform differently at different times.



The significant risks that relate to investing in the Fund are:

- **Inflation** – The risk that inflation may exceed the return on your investment. This means that the purchasing power of your investment will be reduced.
- **Market risk** – The risk that the performance of the market as a whole will affect the investment option's returns. The market can be affected by economic, technological, political or legislative conditions, world events and even market sentiment.
- **Individual investment risk** – The risk that individual assets falling in value as a result of changes in the internal procedures or management of a fund or entity in which the Fund invests.
- **Interest rate risk** – The risk that changes in interest rates can impact directly or indirectly on investment returns.
- **Currency risk** – The risk that changes in the value of currencies can affect the return on overseas investments. A rise in the Australian dollar relative to the currency in which the asset is invested may result in a fall in the capital value of your overseas asset.
- **Derivatives risk** – The investment options may include derivatives as a method of managing risk or gaining exposure to other types of investments. The risks associated with derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the fund not being able to meet payment obligations as they arise and counterparty risk where the counterparty cannot meet its obligations.

The effect of these risks is reduced by diversification, that is, by investing in a wide range of different types of investments such as those in which the Fund invests.

The risk profile and the probability of a negative return in relation to the Fund's Investment Options are outlined on pages 10 to 11.

It is important to remember that this probability is an average based on a set of long term assumptions. The actual frequency of negative returns over a 20 year period may be more or less frequent than the estimate depending on the prevailing investment and economic market environment.

Other risks that may have an impact when investing include:

- **Regulatory risk** – The risk of changes in government policy or legislation which may affect your ability to access your benefits. For example, amendments to the treatment of superannuation interests of members in family law matters means that your super benefit may be split with your spouse in the event of your divorce or permanent separation.
 - **Timing risk** – The risk that you may try to time the market and buy at the low and sell at the high. This will increase the volatility of your investment and increase the risk. Most people cannot successfully time the market.
 - **Taxation risk** – The risk that changes may occur to the taxation of superannuation, which may affect the value of your investment.
 - **Insurance risk** – The risk that the insurance cover you take out may not cover you to the extent that it should. There is also a risk that the Insurer will either not accept your desired level of insurance cover or may reject or reduce your claim.
- >> **Please note:** The reality is, while these risks do exist, it is unlikely that changes to your access to your super and the taxation of it will be too detrimental.

Insurance

BEING INSURED MAKES SENSE – YOU NEVER KNOW WHEN YOU MAY NEED IT!

Imagine for a minute what it would be like if you were off work for an extended period because of sickness or injury. Or worse, how would your family cope with your unexpected death or total and permanent disablement? How will you or they pay the bills? Will you or they have enough? More often than not, these will be times of uncertainty.

Insuring your Life and Income against the potential risks of death, total and permanent disablement or temporary disablement can be a very worthwhile decision. After all, you probably already insure assets such as your car, your home or your personal valuables. Why? Because it makes sense, as you recognise there is a risk that these assets could be damaged or destroyed.

This is why it makes even more sense to protect your most important assets – **you and your family**.

Why you should consider insurance?

It is important to think about your own situation when you are considering how much insurance you may need. Everybody has different needs, but most of us don't want to make a terrible situation worse for our loved ones and ourselves. Consider some of these common concerns when thinking about your own insurance needs:

Some common reasons people consider insurance

I want my family to be financially secure if I should die.

I want to make sure I can pay the bills should I be Totally and Permanently Disabled as a result of an accident or other unforeseen event.

If I am Totally and Permanently Disabled I want to make sure I can have enough cover to ensure I can live comfortably in my home.

I have a mortgage. I need to make sure I receive most of my regular income to cover it – even when I am unable to work.

HOW WE CAN HELP PROTECT YOU AND YOUR FAMILY

The Fund's insurance cover is provided through MLC Ltd and has been specifically chosen by the Trustee as it offers you a simple, comparatively low-cost alternative when it comes to protecting you and your family should you die or become disabled.

It is important to think about insurance cover as part of your total financial plan.

As a Fund member, if you take up this cover: you are covered 24 hours a day, seven days a week, whether you are at work, at home or on holiday – giving you **peace of mind**;

- you have the **flexibility** of choosing the right level of cover for your needs, which is an important consideration as our circumstances can change rapidly. So, it is essential you periodically review how much cover you have to ensure it is enough to meet your needs now and in the future; and
- importantly, you have the **security** of knowing that you will be covered by the Fund's Standard Insurance Cover (refer to page 16) – even while you are deciding if you need more insurance.

>> **Please note:** This section only provides a general summary of certain aspects of the Fund's cover. For full terms and conditions, download a copy of the Policy from Mercy Super website or contact us to obtain a copy of the applicable Policy document.

☞ The Fund provides this cover purely for your benefit – we receive no commissions for keeping you covered. It is just another way Mercy Super puts your needs first. ☞

INSURANCE COVER

The Fund offers members cover for:

- Life;
- Total and Permanent Disablement (TPD); and
- Income Protection.

The Fund's **TPD and Income Protection Insurance** options are disability covers that will help to support you and your family if you have to stop work due to illness or injury.

Life cover may provide your dependants with a lump sum benefit if you die. This can help them to manage the ongoing expenses of day-to-day living, and also assist with any one-off costs they may face.

The Fund's Life and TPD covers are further explained on pages 17 to 22, and our **Income Protection Insurance** cover details can be found on page 23 to 28.

>> **Please note:** In all cases, cover offered is subject to acceptance and to the terms and conditions of the applicable policy issued by the insurer. In the event of any inconsistency between the terms and conditions of the policies and the information contained in this booklet, the relevant policy terms will prevail.

Checklist

- *Am I eligible for cover?*
- *Is the Fund's Standard Insurance Cover enough for me and my family?*
- *If not, how much cover do I need?*

BEFORE YOU CHOOSE YOUR COVER

As premiums for your chosen level of cover are automatically deducted from your Fund account, you need to consider the effect that these regular deductions will have on your retirement savings. Whatever level of cover you choose, you must always ensure there is enough money in your Fund account to cover your insurance premiums – otherwise your cover may stop.

Some members arrange a regular extra contribution to effectively offset these premiums. These can be made via salary sacrifice or as after tax contributions to suit your circumstances.



Standard Insurance Cover

Mercy Super's Standard Insurance Cover provides you (if you meet the Fund's eligibility criteria) with cover summarised in the following table:

Your Current Age	Units of Life Insurance	Units of TPD Insurance	Income Protection Insurance
35 years and under	4	6	2 year Benefit Period and 30 day Waiting Period
36 years and over	4	4	2 year Benefit Period and 30 day Waiting Period

If you meet the eligibility criteria, you will be covered by the Fund's Standard Insurance Cover from the day you join the Fund, unless you tell us in writing to reduce or cancel your cover.

Your benefits and premiums for **Life and TPD cover** are determined by the number of units you hold. To decide whether the Standard Insurance Cover is enough for your needs, please take the time to look at the table on page 18 for details of your Life and TPD cover levels.

Income Protection Insurance cover provides benefits based upon the insurance option you choose. Your age, Waiting Period and the Benefit Period you choose will determine premiums payable. The table on page 24 will provide you with the information you need to determine the premium applicable to cover you select. Pages 23 to 28 provide further details on the Fund's Income Protection Insurance cover.

>> **Please note:** As with most insurance, the provision of the Fund's Standard Insurance Cover is subject to eligibility, policy terms and conditions and payment of premiums.



INCREASING YOUR COVER

You may decide that you would like more cover for you and your family than is provided by Mercy Super Standard Insurance Cover. One of the features of the Fund's cover is that you have the flexibility to increase your cover so that it may better match your lifestyle and needs.

To increase your cover simply:

- assess your needs, and
- determine how many additional units of Life and TPD Insurance cover you would like (refer to page 18), and
- determine the Waiting Period and Benefit Period you would like to apply to your Income Protection Insurance (refer to page 24), and
- contact the Fund and we will send you the appropriate forms to complete.

>> **Please note:** All applications for cover or additional cover are subject to acceptance by the Fund's insurer and to the terms and conditions of the policies. The insurer may require you to complete a range of medical assessments as part of the application process. Remember, if your application is not accepted by the Fund's insurer, your cover will be limited to the amount and type you had before you applied to change it.

WHAT IF I DON'T WANT THE FUND'S INSURANCE COVER?

If you decide that you do not want to take advantage of the Fund's Standard Insurance Cover, simply indicate this on your Membership Application Form, or advise the Fund in writing.

“Helping you and your family through times of uncertainty”

Life and TPD

AM I ELIGIBLE FOR COVER?

Life and TPD cover is available to all employees whether you work full-time, part-time or on a casual basis (providing you work at least an average of 10 hours per week).

If you work less than 10 hours per week you may still be eligible for cover, but you should refer to the TPD definition on page 21 to check which 'insured member' classification applies to you.

If you are not 'At Work' when you first becoming eligible to do so, your cover will initially be 'limited' which means that you are only covered for claims arising out of:

- a sickness which first becomes apparent on or after the date you first become eligible for cover, or
- an injury which first occurs on or after the date you first become eligible for cover.

To obtain full cover you will have to apply and be satisfactorily assessed by the Fund's insurer.

HOW MUCH COVER MAY I HAVE?

At the date you first become eligible to join the Fund, you have the option of selecting as many units of insurance cover as you feel necessary to suit your particular situation – representing up to \$10 million on death and \$3 million for Total and Permanent Disablement. Insurance above the Fund's Standard Insurance Cover will naturally require an assessment (medical, financial etc) by the insurer before you can be accepted.

However, you should be aware that the Fund's **automatic acceptance level of cover (Standard Insurance Cover)** without the need to provide medical evidence is:

- **Four units of Life and six units of Total and Permanent Disablement Insurance if you are aged up to and including 35 years, and**
- **Four units of Life and four units of Total and Permanent Disablement Insurance if you are aged 36 years and over.**

Of course, you have the option of selecting **more than the Fund's Standard Insurance Cover**. If you select more than the automatic acceptance level of cover, you will be required to provide medical evidence.

You will only be covered for more than the Fund's Standard Insurance Cover on the date the insurer advises the Fund in writing that your medical information has been assessed and accepted. In the meantime, you will be covered for your current level of cover, commencing on the date you joined the Fund.

The Fund's insurer may apply exclusions or other special conditions to any cover above your automatic acceptance level of cover.

If you do not nominate a number of units on your *Member Application* when you join, **the Fund's Standard Insurance Cover** will apply.

WHEN DOES COVER START?

Your insurance cover starts on the day you join the Fund, subject to your being 'At Work' on the date you commence employment.

The term 'At Work' means that you are at work for the normal daily hours of work and you are actively performing the full, unrestricted or unmodified duties of your normal Occupation, or would have been had the day not been a day of leave (other than due to injury), public holiday or weekend day.

Please note as premiums will be deducted from your account balance, insurance will only be provided if contributions are received on your behalf.

WHAT DOES COVER COST?

The cost of cover is \$1.00 per unit per week which is deducted from your **Fund** account on 1 July each year, and the premium is automatically adjusted each year on your birthday.

To calculate the cost of more than one unit of cover you simply multiply the number of units you require by \$1.00. For example, five units of cover will cost \$5.00 per week ($\$1.00 \times 5 = \5.00).

The following table indicates the cost and value of an accepted claim based on one unit of cover and your age last birthday.

Each separate unit of Life or TPD cover will cost \$0.50 per week.

Life and TPD (cont)

Your Current Age	1 Unit Life & TPD (\$)	Age Last Birthday	1 Unit Life & TPD (\$)
15	70,000	40	47,000
16	70,000	41	46,000
17	70,000	42	45,000
18	70,000	43	44,000
19	70,000	44	42,000
20	70,000	45	41,000
21	70,000	46	40,000
22	70,000	47	38,000
23	70,000	48	36,000
24	70,000	49	34,000
25	70,000	50	32,000
26	70,000	51	29,000
27	70,000	52	27,000
28	70,000	53	25,000
29	70,000	54	23,000
30	70,000	55	21,000
31	70,000	56	19,000
32	70,000	57	17,000
33	70,000	58	15,000
34	70,000	59	13,000
35	70,000	60	10,000
36	62,000	61	8,000
37	56,000	62	6,000
38	52,000	63	4,000
39	49,000	64	4,000
		65*	4,000
		66*	4,000
		67*	4,000
		68*	4,000
		69*	4,000

* Parts (a) and (b) of the TPD definition apply to TPD cover from age 65.

Example:

Joe is 37 years of age and he has elected to take out six units of Life and TPD cover. Based on the table above, the total claimable value of his cover is \$336,000 at a cost of \$6.00 per week.

Calculated as follows:

Value of cover = \$336,000
(\$56,000 x 6 units = \$336,000)

Cost of cover = \$6 per week
(\$1.00 x 6 = \$6)

WHAT WILL MY BENEFIT BE?

The benefit payable on your death or TPD is your total account balances made up of the following:

- The accrued value in your accounts;
PLUS
- amount(s) received by the Trustee from the insurer as a result of a claim made by or in respect of you;
MINUS
- any taxation and fees and charges applicable.

CAN I INCREASE OR DECREASE MY COVER?

Of course you have the option of changing your insurance cover. Naturally, should you wish to apply for more cover than is offered by the Fund's Standard Insurance Cover, your application will need to be assessed by the Fund's insurer before you are accepted. You may be required to undergo medical and financial assessments, and you will only be covered by your existing level of cover until the Fund is advised by the insurer in writing that your assessment has been completed and accepted.

While the insurer considers your request you will be provided with 'Interim Accident Cover'. The insurer will pay a benefit if you die or become Totally and Permanently disabled as a result of an accident that happens before this cover ceases.



☞ *It's amazing how much difference a little extra each week can make.* ☞

WHAT IS INTERIM ACCIDENT COVER?

Interim Accident insurance cover is provided to you if you are an Eligible Person who does not satisfy the automatic acceptance conditions of the Policy or you are already insured under the Policy and you have applied for cover in excess of the Fund's Standard Insurance, known as the Automatic Acceptance Level, during the underwriting process. The Interim Accident Benefit will be claimable where Total and Permanent Disability or death is caused by a qualifying injury.

Interim Accident cover will commence on receipt of a fully completed Request for Insurance Form and any other declaration of health in the form that the Fund's insurer may require. The Interim Accident Benefit payable in the event of a successful claim being made will be the lesser of the amount of cover being applied for and \$1,000,000.

Interim Accident cover will expire on the earliest of the following:

- 90 days after the commencement of the Interim Accident cover;
- the date on which the Fund's insurer gives notice that the request for insurance under this Policy is accepted or declined;
- the date you cancel or withdraw the Request for Insurance; or
- the date you cease to be an Eligible Person or satisfy the Eligibility Terms of the Policy.

No Interim Accident benefit will be payable to you if:

- you are injured as a result of engaging in hazardous pastimes or sports that would not normally be covered;

- you are injured before you are actually eligible to apply for insurance cover (refer to the 'Am I Eligible?' section on page 17);
- the cover you applied for would normally have been declined; or
- you lodge a claim for an event or condition that would normally be excluded under the insurer's underwriting guidelines.

Further detail about these exclusions can be found in the Policy documents available on our website www.mercysuper.com.au or by contacting the Fund for a copy.

SPECIAL EVENT COVER

You are able to apply to increase your insurance cover – up to two additional units (as per the schedule on page 18), without the need to provide medical evidence, no matter how much insurance cover you currently have, under certain special events, which include:

- marriage,
- divorce,
- obtaining a mortgage for your first home, or
- the birth or adoption of your child.

For this increase to occur, without the requirement to provide medical evidence, you must provide proof of the event satisfactory to the insurer within 90 days of the date of the event occurring. Increases are subject to the terms and conditions and exclusion contained in the Policy. The effective date of any increase in cover applicable to you will be advised to you in writing by Mercy Super.

You can elect up to 4 units in total under 'special event' cover. If you would like more information please contact the Fund.

Life and TPD (cont)

WHEN DOES COVER CEASE?

Cover ceases on the earliest of the following:

- sixty days after the date you have insufficient funds available in your account to cover your premiums;
- you provide written advice that you no longer wish to have insurance cover;
- the date you are no longer a member of the Fund;
- when you reach the age of 70 – for any units of cover;
- sixty days after you no longer qualify as a member under this Policy;
- the day before you join/commence active duty with the armed services of any country (not including the Australian Army Reserve);
- the date after you choose to continue your insurance cover under this Policy (refer to the section *Option to Continue Insurance* on this page for more information);
- the date you (or your beneficiaries) are paid a death or TPD benefit;
- your death;
- the date you are paid a Terminal Illness benefit which is not less than the amount of your death and/or TPD benefit;
- the date you are transferred to the Fund's eligible rollover fund (refer to page 37 for more information); and
- the date the Policy that governs these insurance arrangements is terminated or cancelled.

CAN I RECOMMENCE COVER?

Yes. However, to recommence cover you will need to re-apply. Simply contact the Fund and we will send you a *Request for Insurance* form to complete and return.

Your insurance cover will recommence on the day your application for insurance is accepted by the insurer and Mercy Super confirms that acceptance to you in writing. You should note, however, that it is possible the insurer may reject or reduce the amount of your cover.

WHAT HAPPENS TO MY COVER IF I TAKE LEAVE WITHOUT PAY?

Your Life and TPD cover will continue, providing you remain a member of Mercy Super, and you have sufficient funds in your account balance to cover your premiums while you are on leave.

DEFERRED MEMBER INSURANCE

If you resign or retire from employment your benefit will be transferred to the Fund's Deferred Benefit category and your insurance cover **will remain at the same level** whilst you have sufficient funds in your account to cover the premium.

For former members of the Defined Benefit category your insurance cover will be increased to the **next whole number of units**.

Cover is determined according to the age based levels shown in the table on page 18). In other words, your cover will decrease as your age increases.

You may wish to make personal contributions or roll over money from other super funds to the Fund to pay for the insurance premiums to ensure your account has sufficient funds to cover your insurance premiums.

OPTION TO CONTINUE INSURANCE

You can apply to the Fund's insurer within 60 days from the date you cease employment to take out a personal insurance policy for Life and TPD cover up to your sum insured as at the date you cease employment.

You are not eligible to apply for cover if:

- your age exceeds 60;
- you join/commence active duty with the armed services of any country (not including the Australian Army Reserve); or
- your reason for withdrawal is a disablement claim.

A new Policy will be issued without the need for you to provide any further evidence of health (except in relation to occupation and pastimes). For further information please contact the Fund.

Definitions

TOTAL & PERMANENT DISABLEMENT

The value of cover applicable to you under the Policy is payable to the Trustee on your Total and Permanent Disablement (TPD) if the Fund's insurer is satisfied on medical evidence suitable to it that you have satisfied the appropriate definition of TPD in the Policy. The Trustee then considers, based on information and medical evidence suitable to it, whether a TPD benefit is payable to you from the Fund.

The following parts of the TPD definition contained in the Policy (refer below) apply to the following Member classifications:

TPD Definition Part	Insured Member Classification
Parts (a), (b) and (c)	These parts of the definition apply to Insured Members who are aged 64 and under and are employed for at least 10 hours per week
Parts (a), (b) and (d)	These parts apply to Insured Members who are aged 64 and under and are employed for less than 10 hours per week; or the member's occupation is classified as home duties
Parts (a) and (b)	These parts apply to Insured Members who are aged over 65

TPD DEFINITION PARTS

Under the Policy's definition (which the Trustee also applies to TPD benefit claims via its governing Trust Deed) you are determined to have been Totally and Permanently Disabled if you are an insured member and if one of the following applies:

(a) Specific Loss

You suffer, as a result of sickness or injury:

- i) the total and permanent loss of the use of two limbs; or
- ii) blindness in both eyes; or
- iii) the total and permanent loss of the use of one limb and blindness in one eye;

Where:

- *Limb* means the whole hand below the wrist or whole foot below the ankle; and

- *Blindness* means the permanent loss of sight to the extent that visual acuity is 6/60 or less, or to the extent that the visual field is reduced to 20 degrees or less of arc.

Or

(b) Activities of Daily Living

You are, as a result of illness or injury, totally unable to perform without the physical assistance of another person any two of the following activities of daily living:

- dressing – the ability to put on and take off clothing;
- toileting – the ability to use the toilet, including getting on and off;
- mobility – the ability to get in and out of bed and a chair;
- continence – the ability to control bowel and bladder function;



- feeding – the ability to get food from a plate into the mouth;

and you are permanently and irreversibly unable to do so for life.

Or

(c) Own/Similar Occupation

You:

- i) were employed on a permanent basis, or on a casual basis, for at least 10 hours per week immediately prior to the date of disablement; and
- ii) as a result of sickness or injury, have been absent from all employment for six (6) consecutive months from the date of disablement and the Fund's insurer consider, on the basis of medical and other evidence satisfactory to them, that at the end of the period six (6) months consecutive months absence from employment, that you are unlikely ever to be able to engage in any Occupation, whether or not for reward.

Or (Please see overleaf)

Definitions (cont)

(d) Home Duties

Where your Occupation is classified as 'Home Duties', if you have been absent from your Occupation solely through injury or sickness for a period of six (6) consecutive months and are incapacitated to such an extent that, in the Fund's insurer's opinion, after consideration of medical and other relevant evidence, you are, at the end of the period of six (6) consecutive months absence from employment, unlikely to ever again attend to at least two (2) normal physical domestic household duties.

For the purposes of this definition, 'normal physical domestic household duties' means:

- cleaning the family home; or
- shopping for food and household items; or

- meal preparation and laundry services; or
- leaving the house without the assistance of another person; or
- looking after dependent child/ children under 16 years of age or in full time secondary education, where applicable; or
- providing full time care for a disabled person(s) who is a member of your immediate family, where applicable.

If you are able to perform the normal physical domestic household duties with the assistance of another person or with the use of assistive devices, you are deemed to be able to perform these duties. You must be under the regular care and attention and following the advice

of a Doctor for that injury or sickness. Evidence that you carried out the duties on a daily basis prior to your period of disability will be required.

Occupation

Occupation, under the Policy, means:

- For a Professional or Senior Manager, your occupation based on your general area of expertise;
- Or, an occupation that you can perform, on a full time or part time basis, based on the skills and knowledge the person has acquired through previous education, training or experience.

“ Keeping you
and your family
secure ”



Income Protection Insurance

AM I ELIGIBLE?

Income Protection Insurance is available to employees, whether you work full-time, part-time or on a casual basis. To be eligible you must be:

- working more than an average of 10 hours per week,
- be under age 65 years on joining the Fund, and
- join the Fund within 120 days of first becoming eligible for cover.

If you are not 'At Work' when you are first eligible for cover, your cover will be 'limited' which means that you are only covered for claims arising out of:

- a sickness which first becomes apparent; or
- an injury which first occurs; on or after the date you first become eligible for cover.

You are covered for up to 85% of your current Monthly Income, for your approved benefit period – 2 years, 5 years or up to age 70.

HOW MUCH COVER MAY I HAVE?

On the date you first become eligible to join the Fund, you have the flexibility of being able to choose a cover level that can provide you with up to 85% of your Monthly Income up to a maximum of \$30,000 per month in benefit payments, if you are accepted by the Fund's insurer.

Naturally, should you wish to apply for more cover than is offered in the Fund's Standard Insurance Cover, your application will need to be assessed by the Fund's insurer before you are accepted. You may be required to undergo medical and financial assessments, and you will only be covered by your

existing level of cover until the Fund is advised in writing by the insurer that your assessment has been completed and accepted.

However, you should be aware that the **Fund's Standard Insurance Cover** without the need to provide medical evidence is:

- **A monthly benefit of up to 85% of your Monthly Income (up to \$10,000 per month*) and a two year Benefit Period and 30 day Waiting Period.**

If you do not provide an income or cover level, you will be provided with a Monthly Benefit of \$5,000 as the default level of cover. As you must prove your income level in the event of a claim, and cover cannot exceed 85% of income, it is important that you provide an accurate income level to the Fund to ensure correct premiums are deducted.

Your **premiums payable will be determined by your age** and you should consult the table on page 24 to determine the premium that is applicable to your cover.

**You will require a medical assessment if you apply to be insured for an income of over \$10,000 per month.*

WHEN DOES COVER START?

Your insurance cover starts on the day you join the Fund, subject to your being in 'At Work' on the date you commenced your employment.

The term 'At Work' means that you are at work for the normal daily hours of work and you are actively performing the full, unrestricted or unmodified duties of your normal Occupation, or would have been had the day not been a day of leave (other than due to injury), public holiday or weekend day.

» **Please note:** as premiums will be deducted from your account balance, insurance will only be provided if contributions are received on your behalf.



Always for you

Income Protection Insurance (cont)

WHAT DOES COVER COST?

The following table is the annual cost per \$1,000 per annum of Income Protection Insurance that applies to your current level of income, your age, Waiting Period and the Benefit Period you choose. This amount is deducted from your Fund account annually at either the commencement of your insurance or at 1 July each year.

Your premium is adjusted each year during our Annual Review to reflect changes in your age and salary level.

The calculation is simple:

$(\text{Your current income} \times 85\%) \times \text{premium rate}/\$1,000 = \text{annual premium.}$

For example, Jenny is 40 and earns \$50,000 per annum and has decided to maintain the Fund's Standard Level of Income Protection Insurance cover which is a 2 year Benefit Period and a 30 day Waiting Period. The amount Jenny is able to be insured for is \$42,500 which is equal to 85% of her current salary of \$50,000. She scans the table and finds that as she is 40 years old, her premium is \$5.99 per \$1,000 of cover.

Jenny's annual premium is:

$\$42,500/\$1,000 \times \$5.99 = \254.58

>> **Please note:** Fund members aged 65 and over are limited by the Policy's terms and conditions to a 12 month benefit.

Age Last Birthday	2 year benefit		5 year benefit		Benefit Period to Age 70	
	30 Day	90 Day	30 Day	90 Day	30 Day	90 Day
15	4.27	1.26	6.08	2.04	13.08	4.90
16	4.27	1.26	6.08	2.04	13.08	4.90
17	4.27	1.26	6.08	2.04	13.08	4.90
18	4.27	1.26	6.08	2.04	13.08	4.90
19	4.27	1.26	6.08	2.04	13.08	4.90
20	4.27	1.26	6.08	2.04	13.08	4.90
21	4.27	1.26	6.08	2.04	13.08	4.90
22	4.27	1.26	6.08	2.04	13.08	4.90
23	4.27	1.26	6.08	2.04	13.08	4.90
24	4.27	1.26	6.08	2.04	13.08	4.90
25	4.27	1.26	6.08	2.04	13.08	4.90
26	4.27	1.26	6.08	2.04	13.08	4.90
27	4.27	1.26	6.08	2.04	13.08	4.90
28	4.27	1.26	6.08	2.04	13.08	4.90
29	4.27	1.26	6.08	2.04	13.08	4.90
30	4.27	1.26	6.08	2.04	13.08	4.90
31	4.27	1.26	6.08	2.04	13.08	4.90
32	4.27	1.26	6.08	2.04	13.08	4.90
33	4.27	1.26	6.08	2.04	13.08	4.90
34	4.27	1.26	6.08	2.04	13.08	4.90
35	4.48	1.33	6.45	2.18	13.97	5.27
36	4.72	1.42	6.88	2.37	14.95	5.71
37	4.99	1.53	7.35	2.58	16.02	6.22
38	5.30	1.67	7.88	2.83	17.20	6.80
39	5.62	1.81	8.47	3.12	18.45	7.47
40	5.99	2.00	9.10	3.46	19.80	8.23
41	6.37	2.20	9.80	3.85	21.25	9.09
42	6.80	2.44	10.57	4.31	22.79	10.05
43	7.26	2.70	11.41	4.83	24.41	11.14
44	7.77	3.01	12.33	5.42	26.12	12.32
45	8.31	3.35	13.34	6.11	27.91	13.64
46	8.91	3.75	14.44	6.89	29.78	15.07
47	9.56	4.19	15.66	7.78	31.70	16.61
48	10.26	4.69	16.98	8.78	33.68	18.27
49	11.03	5.27	18.44	9.93	35.67	20.02
50	11.88	5.91	20.04	11.22	37.67	21.84
51	12.80	6.63	21.80	12.67	39.64	23.72
52	14.41	7.76	24.78	14.94	44.05	27.16
53	16.22	9.06	28.13	17.57	48.53	30.77
54	18.26	10.58	31.90	20.61	52.97	34.44
55	20.54	12.31	36.16	24.12	57.16	38.03
56	23.10	14.31	40.97	28.15	60.90	41.29
57	25.97	16.59	46.37	32.76	63.87	43.99
58	29.20	19.20	52.48	38.07	65.67	45.67
59	32.83	22.19	49.91	35.71	65.69	45.81
60	36.93	25.59	48.02	34.07	63.22	43.71
61	41.52	29.46	43.46	29.87	57.20	38.33
62	34.95	21.95	34.95	21.95	46.00	28.16
63	20.49	12.21	20.49	12.21	26.97	15.67
64	46.67	33.11	46.67	33.11	46.67	33.11
65	52.27	37.08	52.27	37.08	52.27	37.08
66	58.54	41.53	58.54	41.53	58.54	41.53
67	65.56	46.52	65.56	46.52	65.56	46.52
68	73.43	52.10	73.43	52.10	73.43	52.10
69	82.24	58.35	82.24	58.35	82.24	58.35

CALCULATE MY PREMIUMS

If you follow the example of Jenny (on the previous page) it is simple to work out your annual premium for Income Protection insurance. Use this worksheet to calculate your premiums.

	Jenny	You
Age	40	
Waiting Period	30 days	
Benefit Period	2 year	
85% of Salary	\$42,500	
Premium Rate (from the table)	\$5.99	

Jenny

$$\$42,500 \div 1,000 \times \$5.99 = \$254.58 \text{ per year}$$

You

$$\dots \div 1,000 \times \$ \dots = \$ \dots$$

per year
 (85% of your salary) (your premium rate) (your annual premium)

WHAT IS A BENEFIT PERIOD?

A Benefit Period is the maximum period for which you may receive benefits for Total and/or Partial Disability under this policy. The Fund's Income Protection Insurance cover offers you a choice of 2 years, 5 years or to age 70 years, with the Standard Insurance cover being a 2 year maximum Benefit Period.

WHAT IS A WAITING PERIOD?

The Waiting Period is the number of consecutive days you must be Totally and/or Partially Disabled before your benefit may be payable. The Fund's Insurance cover has a Waiting Period of 30 days or 90 days, with the Fund's Standard Insurance cover being a 30 day Waiting Period.

Benefits are payable after the Waiting Period which applies to your cover.

CAN I INCREASE OR DECREASE MY COVER?

One of the features of the Fund's Income Protection Insurance cover is **flexibility**.

It is important that you review your circumstances and make sure your cover suits your needs. Any change in your level of cover is naturally subject to acceptance of your application by the Fund's insurer.

You have a number of options available to you if you would like to change your level of cover. Some of the options available to you are:

- you can choose to extend your Waiting Period from the Standard Insurance cover of 30 days to a 90 day Waiting Period, and/or
- you can lengthen your maximum Benefit Period (if you currently have a two-year maximum Benefit Period). You may consider increasing your Benefit Period to the five-year maximum Benefit Period, or even choose a Benefit Period of up to age 70; and/or
- you can nominate an annual income amount that is less than your actual annual income if that better suits your needs.

>> **Please note:** If you are aged over 65 years your Benefit Period is limited to a maximum of 12 months.



Income Protection Insurance (cont)

WHAT WILL MY BENEFIT BE?

You will need to meet the Policy's definitions of **Total and/or Partial Disability** to receive any Income Protection benefits (see page 28 for definition of these terms).

The benefit payable on your **Total Disability** is your monthly benefit. This is calculated by multiplying your nominated income by 85% and dividing it by 12 (to obtain the monthly benefit).

The benefit payable on your **Partial Disability** is determined by a formula which is:

$$\frac{A - B}{A} \times C$$

Where:

A: is your Monthly Income immediately prior to your Total Disability commencing,

B: is the actual Monthly Income you earned during the month you became Partially Disabled

C: is your monthly benefit payment.

In addition, if you are assessed as being *Totally and/or Partially Disabled and receiving benefit payments*, you may also be eligible for additional benefits including:

- a) **Rehabilitation Expense Benefit** – where the insurer may meet your expenses if you are participating in an approved rehabilitation program;
- b) **Family Carer Benefit** – where a maximum amount of \$2,000 per month for up to six months may be paid to eligible members of your family should they have to leave permanent employment to take care of you if you are Totally and Permanently Disabled;
- c) **Workplace Modification Benefit** – where you may be paid an additional benefit of up to two and a half (2.5) times your monthly benefit in order to have your workplace modified to facilitate your return to work;
- d) **Emergency Transport Benefit** – you may be reimbursed for up to \$500 to cover your emergency transport costs;
- e) **Bereavement Benefit** – where a lump sum amount equivalent to three (3) months of your insured monthly benefit will be paid out to your beneficiaries on your death; and
- f) **Indexation of Benefit Payments** – The indexation of benefit payments is designed to help offset the impact of inflation. At the end of every 12 month period of receiving either a Total or Partial Disability benefit, the Fund's insurer will increase your disability benefit and pre-disability income by the lower of the increase in the Consumer Price Index (Weighted Average of 8 Cities Combined Index) or 5% per annum.

Of course, there are some important conditions and eligibility criteria that you may need to meet in order to access these additional benefits. Full details of the Fund's Income Protection Insurance can be found in the policy documents on our website www.mercysuper.com.au, or contact the Fund for a copy.

HOW ARE MY BENEFITS PAID?

Any claim you make under this policy will be paid once the insurer has received satisfactory proof that you are entitled to this benefit.

Your benefits will be paid monthly in arrears and calculated on a daily basis if you are only claiming for a part month. For example, if you were claiming for 16 days of a month then your monthly benefit would be calculated on a 16/30 basis.

If any taxation, or duty or other payment is required to be deducted by law, then that will be deducted from your benefit and forwarded to relevant authority. The Fund's insurer will issue you with a PAYG Payment Summary (or Group Certificate) for taxation purposes if any taxation is deducted.

Your payments will stop:

- When you are no longer Totally or Partially Disabled; or
- If you are no longer under the regular and continuous care of a registered medical practitioner; or
- When your maximum Benefit Period expires; or
- When you reach age 70; or
- If you die (subject to the Bereavement Benefit if applicable); or
- If you do not provide the insurer with all the relevant information required to assess your claim.

What Limitations and Exclusions apply

As with most types of insurance, there are naturally some limitations and exclusions which may affect your Income Protection Insurance.

EXCLUSIONS:

A benefit will not be paid where it arises in connection with:

- intentional self-inflicted injury or attempted suicide (whether or not you are sane at the time);
- acts of war or warlike operations;
- service in the armed forces (not including the Australian Army Reserve); or
- normal and uncomplicated pregnancy or childbirth.

LIMITATIONS:

Worldwide cover – you are covered 24 hours a day on a worldwide basis by your Income Protection Insurance, however unless you are continually residing in Australia, or one of the insurer's approved countries (please refer to the Policy for a full list) the payment of your benefits may be restricted.

Parental leave/leave of absence

Your Income Protection Insurance cover will continue, providing you remain a member of Mercy Super, and you have sufficient funds in your account balance to cover your premiums while you are on leave.

BENEFIT LIMITATIONS

Any disability benefit you may otherwise be entitled to receive will be reduced or may be totally offset if you get certain other payments, whether you actually receive that income or not. This includes income such as:

- workers' or accident compensation;
- payment for loss of income (under legislation or otherwise);
- Centrelink benefits where Centrelink does not offset benefits payable;
- payment under any statutory accident compensation Fund;
- payment under any other disability, injury or sickness insurance policy (except for lump-sum benefits received for total and permanent disablement under such a policy);
- payments from settlement or commutation amounts or common law settlements made in respect of loss of past or future income;
- payments from settlement of disputed claims in relation to any of the above.

These payments are offset against the maximum 85% of pre-disability salary cover. Lump-sum payments are converted to a monthly amount at the rate of 1/60 of the lump sum per month. Your monthly Income Protection benefit will be decreased by this amount for a maximum of 60 months. Sick leave, long service leave entitlements and investment income you receive do not affect your benefit.

WHEN DOES MY COVER CEASE?

Cover ceases on the earliest of the following:

- 60 days after the date your account balance is insufficient to pay premiums;
- You are no longer a member of the Fund;
- You are transferred to the Fund's nominated eligible rollover fund (refer to page 37 for more information);
- The date you provide written advice that you no longer wish to have insurance cover;
- The date you reach the age of 70;
- The date of your death;
- The day before you join/commence active duty with the armed services of any country (not including the Australian Army Reserve);
- 60 days after you no longer qualify as an Insured Member under this Policy;
- The date you effect a continuation option;
- The date a total of 12 times the Monthly Benefit has been paid, where the event giving rise to the claim is on or after the Insured Member's 65th birthday.

What Limitations and Exclusions apply? (cont)

OPTION TO CONTINUE INSURANCE

You can apply to the Fund's insurer within 60 days from the date you cease your current employment to take out a personal insurance policy for Income Protection Insurance cover up to your sum insured as at the date you cease employment.

To be eligible you must be employed in a similar occupation and/or employment capacity.

You are not eligible to apply for a continuation of cover if:

- you are 60 years or over; or
- you do not commence full-time employment within 90 days; or
- you join/commence active duty with the armed services of any country (not including the Australian Army Reserve); or
- you are claiming a benefit under this Policy.

Of course, you are subject to the eligibility criteria and the terms and conditions of the insurer's policy, and any exclusions that may have been applied to your current Income Protection cover with the Fund, will be carried over to your individual insurance policy.

INTERIM ACCIDENT COVER

Interim Accident insurance cover may be provided to you if you do not satisfy the automatic acceptance conditions of the Policy or if you have applied for cover in excess of the Fund's Standard Cover. During the underwriting process, the Interim Accident Benefit will be paid for injury only. Interim Accident cover will commence after the insurer has accepted your application, and on the receipt and assessment of the following documentation:

- a fully completed Request for Insurance form, and
- a declaration of health in the form that is required by the insurer.

Your Interim Accident Benefit will be the lesser of the Monthly Benefit you apply for, the amount the insurer

would normally qualify for under the insurer's assessment guidelines, and \$15,000.00 per month.

Interim Accident cover will expire on the earliest of the following:

- 90 days after the commencement of the Interim Accident cover;
- the date on which the Fund gave notice that the request for insurance under the policy is accepted or declined;
- the date that you cancel or withdraw the Request for Insurance; or
- the date that you no longer satisfy the eligibility criteria for insurance.

No Interim Accident Benefit will be payable to you if:

- you are injured as a result of engaging in hazardous pastimes or sports that would not normally be covered;
- you are injured before you are actually eligible to apply for insurance cover (refer to the 'Am I Eligible?' section on page 23);
- the cover you applied for would normally have been declined; or
- you lodge a claim for an event or condition that would normally be excluded under the insurer's underwriting guidelines.

Further detail about these exclusions can be found in the Policy documents available on our website www.mercysuper.com.au or please contact the Fund for a copy.

DEFINITIONS

'Total Disability' or 'Totally Disabled' means you suffer a sickness or an injury and as a result are:

- Unable to perform one or more Important Duties of your Own Occupation; and
- Under the regular care of a Doctor; and
- Not engaged in any occupation, paid or unpaid.

'Important Duties' means the duties of your Own Occupation that could reasonably be regarded as necessary to producing your pre-disability Income. How you perform your Own Occupation will be taken into account when determining the important duties.

'Own Occupation' means the normal occupation or work carried out by you immediately before becoming Totally Disabled.

'Partial Disability' or 'Partially Disabled' means that immediately following a period of at least 14 consecutive days of Total Disability, and as a direct result of injury or sickness which caused your Total Disability, you returned to work in your own or other occupation and you are:

- Continuously unable to perform the Important Duties of your occupation; and
- Earning less than your monthly Income prior to Total Disability; and
- Under the continuous care and following the advice for treatment of a Doctor in relation to that sickness or injury.



Nominate your beneficiary(ies)

If you die while you are a member of the Fund the death benefit may provide valuable financial assistance to your dependants.

The Trustee allows you to specify how you would wish your death benefit to be paid by making a beneficiary nomination. You should nominate your beneficiaries when you join the Fund and you are encouraged to review your nominations as your circumstances change.

Who gets your super if you die?

You may nominate one or more of your dependants (see definition) or your legal personal representative as the recipient of your super in the event of your death. You can choose the type of nomination that best suits your needs, either:

- **A non-binding nomination, or**
- **A binding nomination.**

The most appropriate nomination will depend on your personal circumstances. You should seek advice from a financial adviser if necessary. If you do not make a nomination the Trustee will, in its absolute discretion, pay your benefit upon your death to your dependant(s) and/or your legal personal representative.

Non-binding nomination

If you choose to make a non-binding nomination the Trustee will use this nomination as a guide, along with other current and relevant information (e.g your up-to-date Will) it has to make a decision in the event of your death. However, your nomination will not be binding on the Fund's Trustee.

Binding nomination

This means that you can request that the Trustee of the Fund, in the event

of your death, be bound by the nomination you make on your *Binding Death Benefit Nomination* form when it is paying out your death benefit. Provided that your nomination is a valid one, the Fund will be obliged to pay any death benefit entitlement to the person or people you have nominated on your form.

For your binding nomination to be valid, certain conditions must be met, for example:

- The form must be signed and dated by you and two witnesses over the age of 18; and
- Your binding nomination will only be valid for three years. Therefore, you will need to keep it updated and current.

Please contact us for more information.

DEFINITIONS

For superannuation purposes, the following definition of **'dependant'** applies:

- Your spouse (legal, de facto or same sex)
- Children of any age
- Any person financially dependent on you at the time of your death, or
- Any person who is in an interdependency relationship with you at the time of your death.

Spouse generally means:

- another individual (whether of the same sex or a different sex) with whom the individual is in a relationship that is registered under a state law or territory law; or
- another individual who although not legally married to the member, lives with the member on a genuine domestic basis in a relationship as a couple.

Two people are in an **interdependent relationship** if:

- They have a close personal relationship, and
- Live together, and
- One or each of them provides the other with financial support, and
- One or each of them provides the other with domestic support and personal care.

An interdependent relationship also exists if two people have a close personal relationship but the other requirements are not satisfied because either or both of them suffer from a physical, intellectual or psychiatric disability.

Your **legal personal representative** is the executor of your Will or the administrator of your estate.

Please contact the Fund if you require further information.

The definition of **child** is as follows:

- an adopted child, a stepchild or an ex-nuptial child of yours; and
- a child of your spouse; and
- someone who is a child of yours within the meaning of the Family Law Act 1975.

Adopted child means a child adopted by you:

- under the law of a State or Territory relating to the adoption of children; or
- under the law of any other place relating to the adoption of children, if the validity of the adoption would be recognised under the law of any State or Territory.

Accessing your benefits

☞ *If you do not want to access your super as soon as you retire or turn 65, you can leave your money in the Fund until you need it.* ☞

YOUR BENEFIT

Your benefit in the Fund is the balance of your Fund accounts plus any insured amounts to which you may be entitled at the time your benefit is paid.

It consists of:

- All contributions, rollovers and transfers credited to your accounts

LESS

- Deductions for contributions tax, administration fees and insurance premiums

PLUS or MINUS*

- Investment earnings

PLUS

- Any insured benefit (if applicable) to which you may be entitled. See pages 14 to 28 for details.
- **Please note:** *Investment earnings will vary and may be negative at times. If investment earnings are negative then the rate will be deducted from your account.*

CLAIMING A BENEFIT

Your super is meant to help provide for your retirement. That is why the Government has placed restrictions on when you or your beneficiaries can access your super.

Subject to the governing rules of the Fund and the applicable law, you will become eligible to receive your benefit when one of the following events happens:

- Permanent retirement from the workforce on or after your preservation age (see table in next column)

- Reaching age 65 years
- Reaching age 60 years and leaving your employer
- Becoming totally and permanently disabled (if insured) or permanently incapacitated if not insured
- In the event of your death (benefits are paid to dependants or your legal personal representative)
- Severe financial hardship (subject to specified conditions and Trustee approval)
- In the event of a terminal medical condition
- Compassionate grounds (on application and approval by the Australian Prudential Regulation Authority (APRA))
- On permanent departure from Australia if you are an eligible temporary resident.

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
After 30 June 1964	60

PRESERVATION REQUIREMENTS

Your benefits in the Fund are classified as:

- Preserved
- Restricted non-preserved, and
- Unrestricted non-preserved.

The following is a summary of what benefits are covered by each classification.

Preserved

From 1 July 1999 all contributions paid into a super fund are classified as preserved, including the investment earnings credited to your Fund account on those contributions. You can access preserved benefits, subject to specific cashing restrictions, in certain cases as outlined on the next page.

All preserved benefits transferred between the Fund and other super funds will continue to be preserved. Eligible spouse contributions are also preserved.

Restricted non-preserved

Access to these benefits is restricted in the same way as preserved benefits. However, if you or your employer (if applicable) made a contribution on your behalf prior to 1 July 1999 and you cease working for that employer, then these benefits may become unrestricted non-preserved benefits and be able to be accessed.

Unrestricted non-preserved

These benefits may be accessed at any time without a change in employment status.

However, a withdrawal fee will apply for every withdrawal.

Once you have reached your preservation age you may:

- Leave your money in your Fund accounts
- Take draw-downs from your Fund accounts when you need them
- Transfer to a Fund income stream, and/or
- Take a lump sum.

FAILURE TO CLAIM A BENEFIT

When you leave the employer that makes contributions into your Fund account, your benefit entitlements will be automatically transferred to Mercy Super's Deferred Category. Your benefit entitlements will be retained in this category until we receive payment instructions from you.

This arrangement provides you with

the added benefit of leaving your entitlements in a strongly performing and low cost fund. The Trustee may pay your benefit to the Fund's eligible rollover fund if your benefit is less than \$1,500.

Please refer to page 37 for more information.

CLAIMING SUPER ON COMPASSIONATE GROUNDS

If APRA and the Trustee agree, a benefit may be paid to offset expenses you have incurred (on behalf of either yourself or a dependant) due to severe ill health, palliative care, death or burial. A benefit may also be paid to enable you to make loan repayments on

your principal place of residence when failure to make the payments would result in foreclosure of the loan.

FINANCIAL HARDSHIP

If you have been receiving Centrelink benefits for a period of more than 26 continuous weeks and you have access to Centrelink, you may be able to access some of your Fund accounts.

TERMINAL MEDICAL CONDITIONS

You may access your super benefit tax free in the event of a terminal medical condition if you satisfy the following conditions of release:

- Two registered medical practitioners have certified jointly or separately that you have suffered from an illness or injury that is likely to result in your death within 12 months of the date of verification.
- At least one of the registered medical practitioners must be a specialist practising in an area related to the illness or injury, and
- For each of the certificates, the certification period has not expired.

» For more information contact the Fund on **1300 368 891** (for the cost of a local call) or (07) 3163 8867 or, in the case of claiming super on compassionate grounds, contact APRA on 1300 131 060.

Temporary Residents Departing Australia

If you have worked in Australia as a temporary resident and have now left the country, you may be eligible to claim your superannuation benefit (less any tax) you have accumulated while here.

This payment is called the Departing Australia Superannuation Payment (DASP). Australian and New Zealand residents are not eligible to claim a DASP.

You can claim your DASP if:

- you visited on an eligible temporary resident visa; and
- your visa has ceased to be in effect (that is it has expired or been cancelled); and
- you have departed Australia.

Please contact the Fund on +61 1300 368 891 or email information@mercysuper.com.au if you are eligible, or think you may be eligible for a DASP. We will endeavour to give you the information you reasonably require to claim your DASP.

» **Please note:** as with all benefit payments, proof of identity must be provided for DASP benefits.

In most cases, payments will be subject to a 35% withholding tax.

The following tax rates apply:

- 0% for the tax-free component;
- 35% for a taxed element of a taxable component; and
- 45% for an untaxed element of a taxable component.

The taxed element occurs where your superannuation fund has paid tax on contributions, for example those paid by your employer. Please contact us if you would like further details about how these components are calculated.

Important information

Effective from 18 December 2008, if you are a temporary resident and do not claim your DASP benefit within six (6) months of departing Australia, and your visa has ceased to be in effect, the Fund may be required to transfer your superannuation benefit to the Australian Taxation Office as unclaimed money. In that case you

will have to claim your DASP benefit from the Tax Office.

If the Fund transfers your DASP benefit to the Tax Office, then in accordance with relief provided by the Australian Securities and Investments Commission (ASIC), we will not issue you with an exit statement.

If your DASP benefit is transferred to the Tax Office by the Fund, you may then claim your benefit directly from the Tax Office. The Trustee is required to provide you with information to assist you with this, and will endeavour to do so as soon as practicable after you contact us, and in any event within one month from that date.

You can contact the Tax Office on telephone number 13 10 20 between 8am to 5 pm Australian Eastern Standard Time, Monday to Friday or you can complete the online application by visiting the Tax Office website www.ato.gov.au

Tax

You can find more info about tax on the Tax Office's website www.ato.gov.au

TAX ON CONTRIBUTIONS

All employer contributions to your account, and contributions for which a tax deduction is claimed, are subject to 15% Federal Government contributions tax.

Voluntary personal after tax and spouse contributions that are not claimed as a tax deduction are **not** taxed in the Fund.

Tax on contributions is deducted from your Fund account annually, with effect on 30 June or when you exit the Fund.

The deductions and rebates on the different types of contributions that can be made to the Fund are discussed below.

CONCESSIONAL CONTRIBUTIONS CAP

Concessional contributions are often referred to as pre-tax contributions. They include employer Superannuation Guarantee (SG) payments and any additional employer super contributions as well as your own voluntary salary sacrifice contributions. These contributions obtain their name as they are taxed at a concessional tax rate of 15%.

>> **Please note:** Under transitional arrangements until 30 June 2012, if you are aged 50 or over you will be able to contribute up to \$50,000 per year. If you have more than one fund, all concessional contributions made to all your funds are added together and count towards the cap. Contributions in excess of these amounts will be taxed at the top marginal tax rate.

NON-CONCESSIONAL CONTRIBUTIONS – PERSONAL AFTER TAX CONTRIBUTIONS

Personal contributions from your after – tax income will not be taxed when contributed. These contributions are limited to \$150,000 (to be indexed).

If you are under 65 you will be able to bring forward two years contributions and contribute up to \$450,000 (to be indexed).

TAX ON INVESTMENT EARNINGS

Superannuation investment earnings are taxed at a lower rate than most other forms of savings. The maximum rate is 15%. This tax may be offset by deductions available to the Fund such as franking credits.

	Contribution type	Contribution cap per financial year
Concessional contributions	Employer	\$25,000 (for the 2010/2011 year). OR
	Personal – before tax (salary sacrifice)	\$50,000 if aged 50 and over.
Non-concessional contributions	Personal – after tax	\$150,000 (for the 2010/2011 year). OR
	Spouse	\$450,000 over three years if you are less than age 65 (for the 2010/2011 year).

“ Super is taxed at a lower rate than most other forms of savings. ”

Components	Age at date of lump sum benefits		
	Under 55 years	55 years to 59 years	60 years and over
Tax free	Tax free	Tax free	Tax free
Taxable	20% tax + Medicare Levy	Up to \$160,000* tax free, balance taxed at 15% + Medicare Levy**	Tax free

* The \$160,000 threshold is for the 2010/11 year of income. These figures are indexed by the Tax Office.

** Medicare Levy is currently 1.5%.

To obtain current limits please contact us on **1300 368 891** (for the cost of a local call) or **(07) 3163 8867**.

TAX ON BENEFITS ROLLED IN AND OUT

There is no tax payable if you roll over benefits from one super fund to another, unless the amount rolled over contains an untaxed component. An untaxed component attracts 15% tax.

TAXATION OF LUMP SUM WITHDRAWALS

You can request the withdrawal of a lump sum from your Fund account once you have reached your preservation age (see page 30).

The lump sum benefit will comprise:

- A tax free component, and
- A taxable component.

The benefit will be made pro-rata and will include both tax free and taxable components in the same proportion, as these components make up the total value of your accounts.

The tax free component is made up of components that were previously shown as undeducted contributions, capital gains tax exempt components, pre 30 June 1983 component and a post 30 June 1983 invalidity component.

TAXATION OF LIFE AND TPD BENEFITS

Life and Total and Permanent Disablement cover is treated as a benefit through the Fund and so, for taxation purposes, any insurance benefits payable are treated as superannuation death or TPD benefits.

As such, death benefits paid to your financial dependants or spouse will be tax free.

If a death benefit is paid to someone other than a financial dependant or spouse, the entire benefit will be taxed, (taxable components are taxed at 15% plus Medicare Levy.)

The tax payable on TPD benefits will vary due to a number of factors, such as age, length of service and the amount of the benefit.

>> **Please note:** These statements in relation to taxation are based on interpretation of present Australian tax law, which may change at any time. Contact a professional tax adviser for a full explanation and advice on individual circumstances.

TAX FILE NUMBERS

Mercy Super is authorised to collect your Tax File Number (TFN) by law. Advising the Fund of your TFN is voluntary and it is not an offence if you choose not to provide it. The Fund is required by law to take the necessary steps to properly safeguard your TFN and it is our intention to only use your TFN for approved purposes.

Approved purposes include:

- To assist in searching for and amalgamating super benefits in the Fund';
- To allow your TFN to be passed on to another regulated fund or retirement savings account if your benefit is transferred or rolled over unless we receive written notification stating otherwise';

- To advise the Tax Office for the purposes of the Lost Member Registry in the event of you becoming 'lost';
- To advise the Tax Office if we are paying unclaimed money.

WHAT HAPPENS IF YOU DON'T PROVIDE YOUR TFN TO THE FUND?

- All contributions, for which a tax deduction is claimed, will be taxed at the top marginal tax rate if you have not provided your TFN. The Fund will not be able to accept your personal contributions (non-concessional contributions).
- Benefits paid to you will be subject to PAYG tax at the top marginal tax rate, plus Medicare Levy (currently 46.5%). Note: this may be recovered after lodgement of your Tax Return.
- Contributions received from your employer (concessional contributions) will also be subject to tax at the top marginal tax rate.

SURCHARGE

Any surcharge that is required to be paid to the Australian Taxation Office on your behalf will be deducted from your benefit and is shown on your Annual Member Statement. This account has investment earnings allocated to it. The Trustee provides the flexibility for you to make additional contributions to offset the balance of your Surcharge Account.

Always for you

Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your accounts, from the returns on your investment or from the Fund assets as a whole. Taxes and insurance costs are set out in another part of this booklet. You should read all the information about fees and costs because it is important to understand their impact on your investment.

» **Please note:** The message on the right is a Government requirement. As the Trustee only charges the fees required to operate the Fund, we are unable to reduce fees for some members.

CONSUMER ADVICE WARNING

Did you know?

Small differences in both investment performances 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 fund balances 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 may be able to pay lower contribution fees and management costs where applicable. 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 Investment Commission (ASIC) website (www.fido.asic.gov.au) has a superannuation investment fee calculator to help you check out different fee options.

Type of fee	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment – This is the fee to set up your accounts.	Nil	The Fund does not charge an establishment fee.
Contribution – This is the fee for all contributions to your accounts made by you or your employer.	Nil	The Fund does not charge a contribution fee.
Withdrawal – This is the fee charged when you make a withdrawal from your accounts.	\$55	Deducted from your account when a lump sum payment is made.
Termination – This is the fee charged when you close your account.	Nil	The Fund does not charge a termination fee.
Fees to manage your account		
Administration fee: This is the ongoing fee for managing your account and the Fund overall. The amount you pay for specific investment options is shown below.	\$1.10 per week	This fee is calculated on a weekly basis and is deducted directly from your account with effect on each 30 June, or when you leave the Fund.
Management costs – Asset Fee: This is the Fund's costs not covered by the administration fee.	Up to 0.30% p.a.	This amount will be calculated and deducted directly from your account with effect on each 30 June or when you leave the Fund. A cap applies. See page 36 for further details.
Investment Management fee: This is the fee charged by the investment managers for managing the Fund's investments.	Balanced Growth: 0.88%p.a. Balanced: 0.73%p.a. Shares: 0.60%p.a. Cash: 0.17%p.a. Socially Responsible: 0.82%pa	These deductions are made from the Fund's investment earnings (positive or negative) each year before crediting rates are determined. These deductions are borne indirectly by members and affect the return applied to your account.
Service fees		
Investment switching: This is the fee to switch from one investment option to another.	Nil.	The Fund does not charge a switching fee.
Family law fees		
<ul style="list-style-type: none"> Valuation – This fee is for providing information as required under the Family Law Act. 	\$110	This fee is paid by cheque by your spouse at the time the request for information is processed. Members are not charged for this service.
<ul style="list-style-type: none"> Splitting an account – This fee is for processing the splitting of accounts. 	\$110	This fee is divided equally between you and your spouse and deducted from each account.

ADDITIONAL EXPLANATION OF FEES AND COSTS

- The fees and charges include GST payable by the Fund and GST attributed to investment costs.
- The investment fees included in the fee table are subject to change. The fees quoted in the table have been calculated based on the 2009/2010 financial year.

MEMBER BENEFIT PROTECTION

Like most superannuation funds, the Fund does not charge members with an account balance of less than \$1,000 any more in administration fees than the investment earnings their account has earned. This is called member benefit protection.

Unfortunately in times when investment earnings are low, or even negative, this places a greater burden on other members who have to bear all of the Fund's costs.

If you have less than \$1,000 in your account at 30 June in any one year, or when you leave the Fund, administration fees will not exceed the investment earnings that are applied to your account which can be positive or negative. However, contribution tax and insurance premiums will be deducted from your Fund accounts, if applicable.

Accordingly, consistent with industry practise, the Fund will apply a provision in the applicable legislation which enables us to charge members who have account balances under \$1,000 an account management fee of up to \$10 per year during these times of low investment returns.

COMMISSIONS

No commissions are payable by the Fund to any financial adviser who recommend the use of any Fund product.

INVESTMENT MANAGEMENT FEES

Investment Management fees are calculated by the Trustee's investment adviser, Frontier Investment Consulting Pty Ltd. These costs will change depending on the investment managers used by the Trustee and the amount held with each portfolio. Investment management fees have been deducted before the Fund's crediting rates are published and applied to member accounts. In other words, these are not additional deductions from your account.

Example of annual fees and costs

This table gives an example of how the fees and costs in the Balanced Growth investment option for this product can affect your investment over a one year period. You should use this table to compare this product with other superannuation products.

The Investment Management costs are different for each option.

Example – the Balanced Growth investment option		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution fees	Nil	For every \$5,000 that you put in, you will be charged \$0.00.
PLUS Administration Fees	\$57.20 p.a. (\$1.10 per week)	And, for every \$50,000 you have in the fund you will be charged \$590.00 each year, plus \$57.20 regardless of your balance.
PLUS Investment Management costs	0.88% p.a.	
PLUS Management costs – Asset Fee	Up to 0.30% p.a.	
EQUALS Costs of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$684.20 . This calculation assumes that the additional \$5,000 is paid in the middle of the year. What it costs will also depend on the investment option you choose.

Fees and other costs (cont)

MANAGEMENT COSTS – ASSET FEE

This fee represents the Fund's costs not covered by administration fees and includes expenses such as audit fees, investment consulting, legal and tax advice, Trustee fees and the production of marketing and communication material. For the year to 30 June 2010, this amount equalled 0.19%. This amount is calculated using the unaudited 30 June 2010 Financial Statements. The fee is deducted directly from Member Accounts and is applied as at 30 June, or if a lump sum partial payment is made during the year, or if the full benefit is paid from the Fund.

As the Trustee only applies the fees needed to cover the Fund's costs, it is intended to review total costs each year as part of the end of financial year process. This asset-based fee will only be set at a level needed so that the total fees collected from members covers the costs of running the Fund. As it is only feasible to undertake such a review as part of the end of year process, a fixed 0.30%p.a. fee will be deducted for any members that leave during the year.

As managements costs include member benefit protection, it is possible, but not expected, that the deduction may exceed 0.30%p.a. This is because it is not possible to accurately forecast this subsidy as it depends on such unknown factors as future investment earnings, the number of members with an account balance under \$1,000 and the average value of such balances. All members will be fully informed in the unlikely event that this was to occur.

CAP ON MANAGEMENT COSTS

Where a member has an account balance total of more than \$200,000 at 30 June, or when leaving the Fund, the Trustee will not recover any more than \$600 per year in management costs.

The cap is applied when management costs are calculated and applied with effect on each 30 June, or if a lump sum partial payment is made during the year, or when a member leaves the Fund.

ADDITIONS OR ALTERATIONS TO FEES

The Trustee has the power to alter, increase or introduce new fees at its discretion. However, you will be given, at least, 30 days notice in writing before they are introduced. As the Fund returns all profits to members, any fee increase will only be required to cover running costs.

Fees and charges may change due to changes in:

- The underlying investment managers, or
- Legislation, or
- Management expenses.

The Fund is unable to negotiate lower fees and management costs as described on page 34.

«The Fund does not pay commissions to any financial advisers who recommend the use of any Fund product»»



Extra information

TRUSTEE

The Trustee is a company called Mercy Super Pty Ltd (ABN 98 056 047 324). It comprises an equal number of employer appointed and member elected directors who are responsible for managing the Fund in the best interests of all members in accordance with the Trust Deed and relevant legislation. These directors are listed on our website and in the Annual Report.

TRUST DEED

The Trust Deed governs the operation of the Fund and if there are any inconsistencies between the terms of the Fund's Trust Deed and this Member Booklet, the terms of the Trust Deed will prevail. From time to time the Trust Deed may need to be amended. If it is you will be notified in advance of any changes that may adversely affect your benefits.

You may inspect a copy of the Trust Deed on request.

TRUSTEE INDEMNITY INSURANCE

The Trustee has indemnity insurance to cover losses for which it may be liable in carrying out its duties. This insurance does not cover losses incurred through gross negligence or wilful misconduct.

This insurance has been taken out because the Trustee now has increased responsibilities under superannuation law. You should take comfort in the fact that this insurance is in place.

ELIGIBLE ROLLOVER FUND

An Eligible Rollover Fund (ERF) is a facility which allows the Trustee to transfer the benefits of inactive members to a more appropriate superannuation arrangement. Fees charged by ERFs are generally lower than other funds to reflect the inactive nature of members' accounts

The Trustee has appointed Ausfund as the Fund's ERF.

Contact details for AUSFund are:

AUSFund Administration
PO BOX 2468
Kent Town SA 5071
Phone: 1300 361 798
Fax: 1300 366 233

If you leave the employer that makes contributions into the Fund and do not otherwise claim your benefit, and your account balance is less than \$1,500, it may be transferred to AUSFund.

If your account balance is transferred to AUSFund (or any other ERF):

- You will cease to be a member of the Fund.
- All insurance cover under Mercy Super will cease.
- The ERF does not offer insurance 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 the ERF's Product Disclosure Statement (PDS) for details of its features.
- Fund earnings credited to your account will vary depending on the balance of your account and the crediting rate.
- A different fee structure will apply. The ERF is required to 'member protect', that is, administration charges generally cannot exceed investment earnings on your account balance. You should refer to the ERF's PDS for details of the fees which may apply.

You will be able to contact the relevant ERF at any time and request payment of your benefit (if allowed) or roll it into the Fund of your choice.

ADVISERS AND SERVICE PROVIDERS

Many of the matters associated with running the Fund are complex. Therefore, the following have been appointed to assist with the various operations of Mercy Super.

Systems and Accounting Services:

Independent Fund Administrators & Advisers (IFAA)

Investment Consultant:

Frontier Investment Consulting

Actuarial Consultant:

Sunsuper Financial Services

Group Life insurer:

MLC Ltd

Legal adviser:

McCullough Robertson
G Banner Consulting Pty Ltd
Holding Redlich Pty Ltd

FAMILY LAW

On the breakdown of your relationship, Family Law Legislation* means your Mercy Super accounts are now subject to splitting between you and your partner/spouse.

Family Law affects your super in three key areas:

- **Request for information** – You, your partner/spouse or your fiancé entering into a pre-nuptial agreement is able to request certain information about your account.
- **Payment 'flag'** – Your non-member partner/spouse, by agreement with you or through a Court Order, is able to have a 'payment flag' applied to your account which will generally prevent you from being paid a benefit until the 'flag' is lifted or the account is 'split' (with some limited exceptions), and
- **Splitting super** – Your account is able to be split through an agreement or Court Order.

* Family Law legislation applies to both married and de facto couples/relationships.

UNITED KINGDOM PENSION TRANSFER

Mercy Super is recognised as a Qualifying Recognised Overseas Pension Scheme (QROPS) with Her Majesty's Revenue and Customs (HMRC).

Extra information (cont)

LOST SUPER

If you lose contact with Mercy Super or any other super fund, you should contact the Tax Office on 13 28 65. The Tax Office holds a Lost Members register containing records of lost members from all regulated superannuation funds in Australia.

From 1 July 2010, lost super accounts of less than \$200 and accounts that have been inactive for more than five years will be automatically transferred to the Tax Office as unclaimed monies.

SUPERMATCH – REUNITING MEMBERS WITH THEIR 'LOST' SUPER

SuperMatch is an initiative to help members of super funds find their 'lost' super. A member becomes 'lost' when the address that the superannuation fund holds on its records is no longer current.

The Fund will search the registers, listed below, to identify if you have any lost super with any other Fund. We will then write to you to enable you to transfer these lost funds into your Mercy Super account. If the ATO holds SG charge or SHAR payments, these can be transferred to your Mercy Super account automatically.

- **Lost Member Register** – members who have been reported by super funds to the Tax Office as being 'lost', and
- **Superannuation Guarantee records** – employees for whom their employer has paid the Superannuation Guarantee Charge after failing to pay the minimum Superannuation Guarantee contribution to a superannuation account, and
- **Superannuation Holding Accounts Reserve (SHAR)** – employees for whom their employer has paid SG contributions to a SHAR when the employee has not had a superannuation account established for them.

In order to search these records, the Fund gives the Tax Office your Tax File Number and any other relevant information and, in return will receive from the Tax Office the results of those searches. You can find out more about SuperMatch by visiting www.ato.gov.au/super.

UPDATING INFORMATION

The information contained in this Member Booklet may change from time to time. The Fund will advise you of material changes or significant events within timeframes prescribed by the legislation via direct communication, the *Annual Report*, a newsletter or the Fund's website. Unless the changed information is materially adverse to you, we may not always update or replace this document to reflect the changed information.

Any updated information may be published on the Fund's website at www.mercysuper.com.au. Paper copies of any updated material (and any other existing documentation) are also available without charge on request by contacting the Fund office.

ENQUIRIES AND COMPLAINTS

We welcome your enquiries.

If you wish to make a complaint regarding your benefit or the operation of the Fund, please contact the **Chief Executive Officer** on **1300 368 891** (for the cost of a local call) or (07) 3163 8867 or in writing. Further details can be found in the contact details on the back cover of this Booklet.

Once details of your complaint have been received and considered by the Trustee, you will be notified of the outcome. We aim to resolve all complaints as soon as possible. However, this process may take up to 90 days.

Superannuation Complaints Tribunal

The Superannuation Complaints Tribunal (SCT) is available to members or beneficiaries to review Trustee decisions.

The purpose of the SCT is to:

- Try and resolve any complaint by conciliation, or
- Review Trustee decisions if conciliation is unsuccessful.

Your complaint will only be considered by the SCT if it has first been through the Fund's internal complaints procedure outlined above and that the matter was not resolved to your satisfaction. The SCT will not consider a case if you have instituted court proceedings which are still current.

You can contact the Tribunal by telephoning 1300 884 114 or by mail to Locked Bag 3060, Melbourne VIC 3001 or you may visit their website www.sct.gov.au.

After collection of the relevant documents from the Trustee, the Tribunal will attempt to resolve the complaint by conciliation, which involves assisting you and the Trustee to come to a mutual agreement. If this fails, a final decision will be made by the Tribunal.

You may approach the Federal court on a question of law from a determination made by the SCT, if such an appeal is launched within 28 days of the SCT's decision.

Privacy Policy Statement

The Trustee of the Fund has developed a Privacy Policy to ensure that you are informed of how your information is handled. A brief outline of our Privacy Policy is set out here.

Collection of Data – The Fund will only collect personal information where it is required and by lawful means.

Use and disclosure – The Fund will only use and disclose personal information for the purpose for which it was collected or for limited other purposes that comply with specific conditions.

Data quality – The Fund will always take reasonable steps to ensure that the personal information it collects, uses or discloses is accurate, complete and up-to-date.

Data security – The Fund has established steps to protect the personal information it holds from misuse, loss, unauthorised access, modification or disclosure.

Privacy document – Upon request we will take reasonable steps to let you know, generally, what sort of personal information the Fund holds, for what purposes, and how the information is collected, held, used and disclosed.

Access and correction – The Fund will provide you with your personal information upon request, other than in certain specific circumstances.

Anonymity – Wherever it is lawful and practicable, you have the option of not identifying yourself when entering transactions with the Fund.

Sensitive information – The Fund will not collect sensitive information about you unless you have consented; or the collection is required by law.

» **Please note: Mercy Super operates under the Privacy Amendment (Private Sector) Act 2000. The Fund endeavours at all times to meet the requirements set out in the personal information handling standards as set out by the Act in the National Privacy Principles (NPPs). If you would like a copy of the NPPs please contact us.**



Always for you

Super terms explained

In this section we explain the meaning of some of the terms used throughout this Booklet.

Accumulation fund – a fund where the benefit a member receives is the total of contributions to the fund plus/minus earnings on those contributions, less any deductions including tax.

Administration fee – is your after-tax share of all the costs of running the Fund (except for the cost of investing the assets).

Concessional contributions – are superannuation contributions made from before-tax income for which a tax deduction can be claimed. They are also referred to as deductible contributions. Concessional contributions include employer 'Superannuation Guarantee' (SG) contributions, additional employer and salary sacrifice contributions and contributions made by the self-employed for which they claim a tax deduction.

Contributions – are regular (i.e. via payroll) or lump sum payments to a super fund. They can be compulsory contributions made by your employer (as required by law or an industrial award) or additional contributions made by either your employer or by members for themselves or their spouses.

Crediting rate – the amount applied to your sub-accounts as a result of the returns earned on investments, less fees and taxes. Crediting rates can be negative or positive.

Defensive assets – a general term for assets such as fixed interest and cash where the return is comprised entirely or predominantly of interest income or yield, rather than capital growth. These assets are considered to be less risky than 'growth' assets as the relatively high level of interest income or yield means that valuations are less volatile.

Defined benefit – the main alternative to an accumulation fund is a superannuation fund where the formula for calculating the retirement benefit (and possibly other benefits) is specified in terms

of years of service with the employer or years of membership of the fund and average salary over the last few years prior to retirement.

Employer contributions – include 'Superannuation Guarantee' contributions and any additional employer contributions including salary sacrifice contributions.

Growth assets – a general term for assets such as shares and property which provide investment returns (comprising both capital growth and income) which outperform inflation.

Inflation rate – the rate at which the price of goods and services rise or fall. This is usually shown as a percentage and is measured by the Consumer Price Index (CPI).

Interim crediting rates – a rate that the Trustee uses to allocate investment returns to exiting members' accounts between Review Dates. (The rate reflects the investment returns of the Fund between specific dates.)

Investment management fee – is the fee paid by the Fund to its investment managers.

Investment objectives – the goals that the investment option aims to achieve.

Investment risk – the degree to which returns fluctuate, that is, go up and down in value over time relative to a long-term average.

Investment strategy – the way assets in the various options are invested to achieve the investment objectives.

Management Costs – Asset Fee – covers the costs of running the Fund that are not covered by the weekly administration fee.

Medicare levy – is the 1.5% (currently) of taxable income paid by most Australian individuals, on top of normal income tax, to help pay for the public health system.

Non-concessional contributions – are made from a person's after-tax income. The terms 'non-concessional contributions', 'post-tax contributions', and 'after-tax contributions' are often used interchangeably.

Preservation age – is the age at which you can gain access to preserved benefits that have built up in a super fund, approved deposit fund or retirement savings account.

Preserved benefit – is that portion of a superannuation benefit that government legislation requires to be maintained, either in a super fund, approved deposit fund or retirement savings account, until certain conditions are met (see page 30 for more details).

Rollover – are transfers into your Fund accounts from other superannuation funds and any amounts received from the Australian Taxation Office on your behalf.

Salary sacrifice contributions – are where you have agreed to forego part of your before-tax salary in return for your employer making superannuation contributions of the same value.

Switching – changing from your current investment option to another.

Trustee – a company (or person) that has legal responsibility for the financial aspects (receipts, disbursements and investment) of superannuation funds. The Fund's Trustee is Mercy Super Pty Ltd.

Trust Deed – is a document that sets out the rules for the establishment and operation of a superannuation fund.

Volatility – individual investment values rise and fall in response to rises and falls in the values of the investment markets. Volatility is the extent to which these rises and falls occur. For example, an investment whose value rises and falls quite significantly over a short period is said to be volatile.

Complete the forms

CHECKLIST

If you wish to join Mercy Super you need to complete and return the following forms:

- Member Application**
(Mandatory): This form provides the Fund with information about you in order to open your Fund accounts.

- Easy Rollover form** *(Only if you are rolling money into the Fund from another super fund)*. This form, which can be photocopied if you have more than one super account that you wish to roll in, is required if you wish to consolidate your superannuation accounts.

Another form you may need to complete and return is the:

- Request for Insurance** If you indicate in Section 7 of your *Member Application* that you would like more than the Fund's Standard Insurance Cover we will send you a *Request for Insurance* for you to complete and return. If so, keep an eye out for it and return it as soon as you can.



Financial Services Guide

This Financial Services Guide provides you with information about Mercy Super (the Fund) and its representatives so that you can decide whether to use the financial services we provide.

Before making any decisions to acquire a Fund product, you should read this Member Booklet (Product Disclosure Statement) and/or obtain professional financial advice. This Member Booklet contains information about the benefits including fees and any associated risks.

WHO WILL BE RESPONSIBLE FOR THE ADVICE PROVIDED TO YOU?

The Trustee of the Fund, Mercy Super Pty Ltd (ABN 98 056 047 324), is responsible for the financial services offered in this Member Booklet.

The Trustee can provide these services in its role as a Corporate Authorised representative No. 268897 of Independent Fund Administrators and Advisers Pty Ltd (IFAA). IFAA is an Australian Financial Services Licensee (AFSL 238507). IFAA is completely independent and not aligned with any other provider of administration or financial services.

COMPENSATING MEMBERS FOR LOSS OR DAMAGE

In accordance with the requirements of Section 912B of the Corporations Act 2001, the Trustee has in place adequate Trustee Indemnity insurance to compensate members for loss or damages due to breaches of relevant legislative requirements. IFAA also has in place adequate Professional Indemnity Insurance.

WHAT SERVICES ARE WE AUTHORISED TO PROVIDE TO YOU?

The Trustee is authorised to provide you with general financial product advice in relation to superannuation and in so doing does not take into account your individual financial situation, objectives or needs.

Before acting on any advice you receive, you should consider the appropriateness of the advice, having regard for your own financial situation.

You should consider the information contained in this Member Booklet before making any decision to acquire the product.

HOW ARE WE REMUNERATED FOR OUR SERVICES?

The Fund provides these financial services under IFAA's Australian Financial Services Licence. IFAA provides the Fund with administration software and financial accounting services. Neither the Fund nor IFAA are remunerated on a commission basis (nor is any staff). IFAA receives a fixed annual fee in return for the administration services it provides.



ENQUIRIES AND COMPLAINTS

If you have any questions about the Fund or Trustee, IFAA or the services provided, you can contact us (see below for contact details).

Complaints about the Fund

If you have a complaint regarding the Fund or Trustee (for example in relation to the conduct or decisions of the Trustee) you should contact the Chief Executive Officer (see below for contact details).

Complaints about advice provided

If you have a problem with the financial advice provided by Fund

staff under IFAA's licence, then you should contact the General Manager, Operational Services. See below for details. Alternatively, you may visit IFAA's office at Level 1, 424 Upper Roma St, Brisbane, Qld.

IFAA will address your concerns and try to resolve them quickly and fairly. IFAA aims to resolve any complaints as soon as possible, but no longer than 45 days from the date of receipt. If you are dissatisfied with the handling of your complaint, you have the right to contact the Financial Ombudsman Service (FOS).

FOS is an independent body that has been established to provide free advice and assistance to consumers to help them in resolving complaints relating to members of the financial services industry.

You can contact FOS on 1300 780 808 (for the cost of a local call). Further information can also be obtained from their website www.fos.org.au.

This Financial Services Guide was prepared 08 November 2010.

>> Please note: Neither the Trustee or IFAA guarantee the investment performance or return of capital invested in the Fund. Past performance is not a reliable indication of future performance.

CONTACT DETAILS

Mercy Super

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FAX (07) 3163 2421

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IFAA
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Contact Details

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Raymond Terrace
South Brisbane QLD 4101

MAIL

PO Box 8334
Woolloongabba QLD 4102

PHONE

1300 368 891 or (07) 3163 8867

FAX

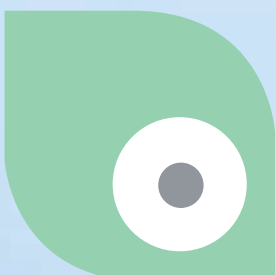
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AWARD & SG CATEGORY
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