

Always for you



MEMBER BOOKLET
INCOME STREAMS
PREPARED 9 JUNE 2011

mercy
super

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IMPORTANT INFORMATION

This combined Member Booklet and Financial Services Guide was prepared on 9 June 2011 as a 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 is Corporate Authorised Representative No. 268897 of AFSL 238507. The Trustee is a Registered Superannuation Entity (RSE Licence L0001359 & RSE Registration R1004311).

This Booklet is a guide to your benefits and entitlements as a member of the Fund's **Pre-Retirement Income Stream and Account-Based Income Stream** categories. 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. Further information is available on request.

Unless your employer is a financial services licensee, they must not, by law, give financial product advice about the Fund or superannuation in general.

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 Member Booklet is of a general nature and does not take into account your individual financial situation, objectives or needs. You should also read the latest Annual Report. You can download a copy from the Fund's website at www.mercysuper.com.au or contact us to obtain one.

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.

The Trustee has established a relationship with Industry Fund Financial Planning (IFFP), a division of Industry Fund Services Pty Ltd, (ABN 54 007 016 195, AFSL 232 514). IFFP can provide members with direct access to quality financial advice. The firm was formed to provide members of funds like Mercy Super with low cost, commission-free financial advice.

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 Income Stream or the Fund.

My Member Number is:

CONTACT US

The Fund makes it easy for you to contact us at your convenience.

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

In person

Whitty Building
Mater Health Services
Raymond Terrace
South Brisbane Qld 4101

It's your money

While you are working, your priority was making sure you had enough super for retirement. Now you are considering retirement, you need to make those funds last. What do you do now? Easy. Relax.

Mercy Super can continue to help you manage your superannuation benefits during your transition into retirement.

The Fund has two options in our Income Stream category that can help you keep your money working for you in the period leading up to and long after your retirement.

The Income Stream options are provided by the Trustee of Mercy Super (the Fund) and are administered in much the same way as your superannuation account.

You also have the added bonus of many of the benefits you have enjoyed as a member of the Fund in the past including low fees, competitive investment returns, personalised service and access to other financial services products such as credit cards, personal loans and savings accounts through ME Bank (AFSL 229 500).

This Member Booklet has been prepared to help you understand Mercy Super's Income Stream options and assist you with the application process.

Of course, if you need any further information please contact us.

We're here to help!

INCOME STREAM PRODUCTS

Access to your super sooner.

As the name suggests, an Income Stream is a financial product that 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 money, yet keeps your funds in the superannuation investment environment.

Mercy Super provides two different types of Income Stream accounts.

Pre-Retirement Income Stream

This is currently available to you if you are still working but have reached your preservation age. This is the age at which you can start drawing down some of your accumulated super to supplement your other income.

Account-Based Income Stream

This provides a regular annual income to you if you have already permanently retired after reaching your preservation age.

THE ADVANTAGES OF INCOME STREAMS

- Investment earnings from Income Stream accounts are free from tax. Other superannuation products must pay up to 15% tax on investment earnings.
- No tax is payable on income from Income Streams at or after age 60.
- You may also be entitled to a tax rebate of up to 15% on the taxable part of your income payments where you are under age 60.
- You have the flexibility to choose the amount you wish to receive each year, subject to the minimum (and maximum for Pre-Retirement Income Streams) level set by the Government.
- No tax is deducted when you transfer your superannuation account to an Income Stream account.

☞ *Mercy Super can continue to help you manage your superannuation benefits during your transition into retirement, and when you finally retire.* ☞

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 Mercy Super is small enough to provide real personal service, we are of a size where we can negotiate benefits that translate into genuine value for our members.

COMPARE AND SEE FOR YOURSELF!

When comparing the Fund's Income Stream options with similar products offered by other funds, it is very important you consider the following:

PERSONALISED SERVICE	One of the main attributes that sets us apart from other funds is our 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, log on to our website and have secure access to your personal account information.
REGULAR REPORTING	You receive: <ul style="list-style-type: none"> • confirmation of your application and investment strategy when you join; and • Annual statements and reports.
COMPETITIVE INVESTMENT RETURNS	The Fund has a history of providing members with competitive long term investment performance.
LOW FEES	The Fund is committed to ensuring you receive value for money from our income stream product. Compare and see for yourself (see pages 26 to 28 for more details).
INVESTMENT OPTIONS	You have a choice of five different investment options to suit your investment needs, each with a unique combination of defensive and growth assets (see pages 19-20).
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.
NOT JUST SUPER AND INCOME STREAM PRODUCTS	You have access to other products and services including competitive home and personal loans, credit cards and savings accounts through ME Bank (see page 31).

Getting started

HOW TO USE THIS BOOKLET

This Booklet describes the main features and benefits of the Fund's Income Stream Products.

Section 1 – provides you with information about the Fund's **Pre-Retirement Income Stream option**.

Section 2 – provides you with information about the Fund's **Account-Based Income Stream option**.

Section 3 – details the features of these products that are common to both such as **Investment Options**.

Section 4 – Our **Easy to Complete Forms**. Everything you need to get you started at once.

EASY STEPS TO GET YOU STARTED!

By working through the following steps, you will be able to quickly identify which section of this booklet you should read to obtain more information on your preferred Income Stream product.

STEP ONE – DETERMINE YOUR ELIGIBILITY

The first step is easy. You need to determine if you are eligible to participate in either of Mercy Super's Income Stream options.

To be eligible to join either Income Stream option you must:

- Be a member of Mercy Super; and
- Have an intended minimum opening account balance of \$20,000.

To be eligible to join the Fund's **Pre-Retirement Income Stream** option you must also:

- Have reached your preservation age and still be in the workforce, as per the following table:

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

To be eligible for the Fund's **Account-Based Income Stream** option you must:

- Have reached your preservation age and be permanently retired from the workforce; or
- Have reached age 60 and left your employment (though you are free to start work with another employer); or
- Have reached age 65; or
- Have been assessed as Totally and Permanently Disabled.

STEP TWO – CHOOSE THE INCOME STREAM OPTION THAT BEST SUITS YOU

The next step is to choose the type of account that best suits you, based on your eligibility. Mercy Super offers two Income Stream options.

Pre-retirement Income Stream

A Pre-Retirement Income Stream is available to members who are still working but have reached the age (known as the preservation age) at which they can start drawing down some of their accumulated super to supplement their other income.

Account-Based Income Stream

An Account-Based Income Stream provides a regular annual income to members who have already retired.

STEP THREE – SELECT AN INVESTMENT OPTION

The next step requires a bit more consideration. You need to select the most appropriate Investment Option for your Income Stream account, much like you did when you chose Mercy Super to look after your superannuation.

The Fund presently offers members a choice of five Investment Options:

- Balanced Growth (the default option);
- Balanced;
- Shares;
- Cash/Cash Enhanced; or
- Socially Responsible Investment.

Mercy Super recommends that you consider seeking personal financial advice to ensure that your personal needs are met. Neither, the Trustee, your employer nor any staff associated with the Fund can advise you which Income Stream Option or Investment Option to choose. But we can help you with the information you may need to make this decision.

The Trustee has formed an association with Industry Fund Financial Planning. This non-profit organisation exists to provide members of funds like Mercy Super with comparatively low cost, commission-free financial advice. Please contact 1300 368 891 to arrange an appointment.

STEP FOUR – HOW MUCH MONEY DO YOU NEED TO SUPPORT YOUR LIFESTYLE?

This step involves working out how much money you need to draw from your Income Stream account, working within the Government's minimum and maximum levels for your Income Stream account and your age. The maximum only applies to Pre-Retirement Income Stream accounts.

Minimum

The minimum annual payment amount for **both** Income Stream account types is:

Age	Percentage of Account Balance	Percentage of Account Balance for 10/11 Year*	Percentage of Account Balance for 11/12 Year (proposed)
Under 65	4%	2%	3%
65 – 74	5%	2.5%	3.75%
75 – 79	6%	3%	4.5%
80 – 84	7%	3.5%	5.25%
85 – 89	9%	4.5%	6.75%
90 – 95	11%	5.5%	8.25%
95 or more	14%	7%	10.5%

**The Federal Government announced in the May 2011 Budget that it intends to phase out the pension drawdown relief that has been provided over the last three years to reduce the impact of the Global Financial Crisis on retirees.*

The Budget papers state that minimum payment amounts will be reduced by 25 per cent for the 2011-12 financial year (instead of the previous financial year's reduction of 50 per cent). At the time of publication, legislation to give effect to the Budget announcements had not been finalised. Please contact Mercy Super for the latest information.

Maximum

The maximum draw-down rate for **Pre-Retirement Income Stream** members is 10%.

There is no maximum for **Account-Based Income Stream** members.

STEP FIVE – ROLLOVERS FROM OTHER SUPER FUNDS

To open a Pre-Retirement Income Stream account, or start an Account-Based Income Stream, you will need to transfer an amount from your account with Mercy Super. By law, contributions, rollovers or transfers cannot be made into your Income Stream account once it has been established.

It is therefore very important that if you intend to rollover, transfer or add contributions to your superannuation account that this is completed BEFORE applying to set up your Income Stream account.

To do this you need to complete the *Easy Rollover* form which can be found in the Easy to Complete forms section of this Booklet.

If you wish to build your Income Stream at some stage in the future, you will have to open a new account with your additional contributions. Alternatively, you can transfer your existing Income Stream into a superannuation account and set up a new Income Stream with the combined amount. While neither of these actions are difficult, we recommend that you contact us to discuss your options if this may apply to you.

Getting started (con't)

STEP SIX – SETTING UP YOUR INCOME STREAM

Once you have selected your Income Stream option and determined your financial goals, all that is left to do is complete the application forms. These can be found in our Easy to Complete Form Section starting on page 33.

YOUR MEMBERSHIP CONFIRMED

Your Income Stream membership will commence once the Trustee has received your completed documentation and funds are transferred from your superannuation account to your Income Stream account.

After your Income Stream Application has been processed you will be sent a Welcome letter and a new Member Certificate.

FINANCIAL PLANNING ADVICE

It's important that the financial decisions you make are the right ones for your personal situation. Seeking professional financial advice is quite common when making important financial decisions relating

to superannuation matters, including the suitability of an income stream product, investment choice, taxation issues and contributions. Therefore, we suggest you consider obtaining qualified financial advice to help you make the most of your retirement benefit and any income stream you choose to apply for.

The Trustee recognises the importance of financial advice and has established a relationship with Industry Fund Financial Planning (IFFP), a division of Industry Fund Services Pty Ltd, ABN 54 007 016 195 AFSL 232 514. IFFP can provide members with direct access to quality financial advice. The 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.

COOLING OFF PERIOD

When you apply to join one of Mercy Super's Income Streams you have 14 days to check whether the product meets your needs. If you find it does not, you may cancel your application.

The 14-day period starts on the earlier of:

- the day you receive your welcome letter, or
- five days after we process your Application.

The amount repaid to you will be adjusted according to any change in the value of the investment option where your money was invested, and the amount of any tax or fees paid on your behalf.

As there are restrictions on paying out superannuation benefits to members (see pages 9 and 13 of this Booklet), if your initial investment consisted of preserved or restricted non-preserved amounts, it will be returned to your existing Fund (superannuation) account.

You cannot cancel your application under the cooling off provisions if you have exercised any rights or powers as a member. For example, if you have switched investment options after joining the Income Stream. All requests to cancel your application must be made in writing.

TEMPORARY RESIDENTS

Temporary residents are not eligible to open an Income Stream account.



As a member of Mercy Super you have access to personalised, expert and easy to understand financial advice through Industry Fund Financial Planning (IFFP).

Cheryl Haines is the IFFP representative for all Mercy Super members, and can assist you with a range of advice in financial related matters including:

- > Retirement planning
- > Transition to Retirement strategies (TTR) to build super after age 55
- > Superannuation
- > Investing outside super and debt reduction
- > Centrelink benefits, tax strategies and redundancy

Plus, your first 1 hour fact finding appointment with Cheryl is FREE of charge and obligation!

INDUSTRY FUND FINANCIAL PLANNING



fee for service - no commissions

iffp.com.au

Pre-Retirement Income Stream



A Pre-Retirement Income Stream is a financial product that allows a person who has reached what is known as their "preservation age," but is still in the workforce, to begin to access their superannuation benefits in the form of an income stream.

The amount of annual income that can be received can be varied, but must, by law, be between the minimum payment amount and a maximum of 10% of the total account balance.

The minimum payment is based on your age and your account balance at commencement. If you join during a financial year the amount will be proportioned to reflect your membership period. The Fund will recalculate this minimum payment at the start of each financial year.

You can elect to receive any amount between the Government's minimum and maximum payment amounts.

As a Pre-Retirement Income Stream only applies to those under age 65, only one minimum level applies. It is shown in the table below:

Age	Percentage of Account Balance	Percentage of Account Balance for 10/11 Year*	Percentage of Account Balance for 11/12 Year (proposed)
Under 65	4%	2%	3%

**The Federal Government announced in the May 2011 Budget that it intends to phase out the pension draw down relief that has been provided over the last three years to reduce the impact of the Global Financial Crisis on retirees.*

The Budget papers state that minimum payment amounts will be reduced by 25 per cent for the 2011-12 financial year (instead of the previous financial year's reduction of 50 per cent). At the time of publication, legislation to give effect to the Budget announcements had not been finalised. Please contact Mercy Super for the latest information.

Pre-Retirement Income Stream (cont'd)

ELIGIBILITY CONDITIONS

To be eligible to join the Fund's Pre-Retirement Income Stream Option you must:

- Be aged under 65 and still in the workforce;
- Have reached at least age 55 or, if your date of birth is after 1 July 1960, the minimum age (also known as your preservation age) set out below:

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

- Have a minimum opening account balance of \$20,000.

WHAT CONTRIBUTIONS CAN BE USED TO ESTABLISH A PRE-RETIREMENT INCOME STREAM?

To open a Pre-Retirement Income Stream account you will need to transfer an amount from your superannuation account with Mercy Super. The law does not allow any contributions, rollovers or transfers into your Pre-Retirement Income Stream account once it has been established.

It is therefore very important that if you intend to rollover, transfer or add contributions to your account that this is completed BEFORE applying to set up your Pre-Retirement Income Stream account.

If you wish to rollover other funds into the Fund, complete the Easy Rollover form in the forms section on page 33. If you wish to make voluntary contributions to your super account while you are in receipt of a Pre-Retirement Income Stream payment, please contact the Fund for a form.

WHEN WILL PAYMENTS BE RECEIVED?

Your Pre-Retirement Income Stream payments can be made on a weekly, fortnightly, monthly, quarterly, half yearly or yearly basis and deposited directly into your nominated bank, credit union or building society account according to the payment frequency you have selected.

Please note that your payment cannot be paid into a business account or an account in any name other than your own, apart from accounts held in joint names.

CAN I MAKE LUMP SUM WITHDRAWALS?

No. By law, the Pre-Retirement Income Stream is 'non-commutable' (which means it is unable to be fully withdrawn). These monies are only available to be drawn down as an income stream; however, you are able to transfer the amount back into your superannuation account at any time, provided the minimum (pro-rated) payment amount has been made from your income stream. (Refer to the table on page 8.)

A lump sum withdrawal (commutation) cannot take place unless:

- You have satisfied a condition of release (i.e. your funds can be released on compassionate grounds, for financial hardship reasons, or if you have a terminal medical condition), or
- You withdraw your funds to purchase another pre-retirement income stream, or
- You stop the income stream and transfer the amount back into your superannuation account; or
- It is to cash an unrestricted non-preserved benefit; or
- It is to pay excess concessional contributions tax; or
- It is to pay a superannuation contributions surcharge, or
- It is to give effect to a payment split under the family law regime; or
- You are a Temporary Resident and your account is paid to the Tax Office, and the Tax Office identifies that this is the account of a Temporary Resident.

If your account balance falls below \$2,000, your Pre-Retirement Income Stream account may be closed and the remaining funds rolled over to your superannuation account.

HOW DOES A PRE-RETIREMENT INCOME STREAM ACTUALLY WORK?

A Pre-Retirement Income Stream can be used in a number of ways, it is a flexible product which you can tailor to meet your individual needs.

A couple of typical examples of how a Pre-Retirement Income Stream is used are:

You may wish to move to part-time work but need additional income. You can use your Pre-Retirement Income Stream to supplement that reduced income, or

You may be working full-time but wish to draw down your Pre-Retirement Income Stream and make additional salary sacrifice contributions to your super. This could provide you with tax savings.

Following are two Case Studies to help you better understand how a Pre-Retirement Income Stream works in practical terms.

CASE STUDY 1

Rick is 58 and is still working full-time and has \$400,000 in superannuation. As he is nearing retirement he wants to increase his superannuation contributions yet still have an income. He also wants to make sure any investment he makes is tax effective.

Rick decides to transfer this money into a Pre-Retirement Income Stream (PRIS) and nominates 8% to draw down. This means that Rick will receive \$32,000 per year from his Income Stream.

As Rick is 58, there are potential tax implications (if Rick was over age 60 there would be no tax on the PRIS). Superannuation benefits are usually made up of two components, taxable and tax-free:

- *Taxable components* generally relate to employer contributions, member salary sacrifice contributions and investment earnings. By way of example, Rick's taxable component in this case is 75% or \$300,000.
- *Tax-free contributions* are from contributions which are made from post-tax dollars i.e. amounts which have already had PAYG tax applied, such as a voluntary superannuation contribution. The \$400,000 which Rick transferred has a tax-free portion of 25% or \$100,000.

Any portion which Rick takes from his Income Stream which relates to the taxable component will be included as assessable income, however 15% of this amount can be claimed as a tax offset (also known as a rebate).

The amount to be included as assessable income is calculated using the following:

$\frac{\text{Taxable component}}{\text{Account balance}}$	x	$\frac{\text{Income Stream Payments}}{\text{Account balance}}$	=	Amount to be included as assessable income.
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In Rick's case this is:

$\frac{\$300,000}{\$400,000}$	x	\$32,000	=	\$24,000 included as assessable income
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Rick's current assessable income is \$70,000 p.a. As he is receiving \$32,000 p.a. from his Income Stream, he determines that with the tax savings through salary he should be able to salary sacrifice an additional \$40,000 to his superannuation account. This reduces Rick's taxable income to \$30,000.

The assessable income of \$24,000 must be added to this which makes Rick's new total assessable income \$54,000. After the tax has been calculated however, Rick is entitled to a 15% tax offset on the \$24,000 of \$3,600.

Pre-Retirement Income Stream (cont'd)

CASE STUDY 2

Jennifer is turning 61 and has decided that she would like to reduce her working hours to spend some more time concentrating on her painting. She is considering dropping back from full time to three days per week until she retires at age 65 but is worried about how she will manage on a reduced income. In order to maintain her current income level, Jennifer has determined that:

- she will need approximately \$14,000 net per year to supplement the salary from reduced working hours, and
- is considering opening a Pre-Retirement Income Stream account with her superannuation account balance of \$200,000.

What are Jennifer's Options?

	Current position Full time work	Option 1 Work three days per week	Option 2 Work three days per week and start a Pre-Retirement Income Stream
Salary	\$50,000	\$30,000	\$30,000
Income Stream (no tax payable as Jennifer is over 60 yrs)	-	-	\$14,000**
Taxable Income	\$50,000	\$30,000	\$30,000
Less Tax*	\$9,180	\$3,960	\$3,960
Take Home Pay	\$40,820	\$26,040	\$40,040

*Based on the 2010/11 tax rates and includes the Medicare Levy.

**As Jennifer is under 65, she must currently take a minimum of 2% of her account balance for 2010/11 but instead elects to draw-down 7% to provide her with her desired income.

As she is over 60, the \$14,000 Income Stream payment is not taxed or included as taxable income.

If Jennifer transferred \$200,000 from her superannuation account into a Pre-Retirement Income Stream, her payment (i.e. 7% of \$200,000) would match the additional \$14,000 she needs to supplement her salary.

HOW LONG WILL MY PRE-RETIREMENT INCOME STREAM LAST?

A Pre-Retirement Income Stream is not a lifetime pension – it is possible that you may completely draw down (use up) your account balance before you die.

The following factors are the main factors that will determine how long your Pre-Retirement Income Stream will last:

- Performance of your selected Investment Option;
- Nominated yearly income stream payments, whether the minimum, maximum or somewhere in between; and
- Any fees, charges and taxes deducted from your account.

Your initial account balance may increase if your investment earnings are greater than the sum of your Income Stream payments, fees, charges and taxes. Your account balance will be reduced if these items exceed investment earnings.

Account-Based Income Streams

ACCOUNT-BASED INCOME STREAM

An Account-Based Income Stream is a financial product that generates an income stream for you in your retirement. The amount of annual income you receive can be varied, but you must withdraw at least the minimum payment (as a percentage of your account balance) each year.

The minimum payment is based on your age and your account balance at commencement. If you join during a financial year the amount will be proportioned to reflect your membership period. The Fund will recalculate this minimum payment at the start of each financial year.

You can elect to receive any amount above the Government's minimum requirement.

The minimum annual payment amount is:

Age	Percentage of Account Balance	Percentage of Account Balance for 10/11 Year*	Percentage of Account Balance for 11/12 Year (proposed)
Under 65	4%	2%	3%
65 – 74	5%	2.5%	3.75%
75 – 79	6%	3%	4.5%
80 – 84	7%	3.5%	5.25%
85 – 89	9%	4.5%	6.75%
90 – 95	11%	5.5%	8.25%
95 or more	14%	7%	10.5%

*The Federal Government announced in the May 2011 Budget that it intends to phase out the pension drawdown relief that has been provided over the last three years to reduce the impact of the Global Financial Crisis on retirees.

The Budget papers state that minimum payment amounts will be reduced by 25 per cent for the 2011-12 financial year (instead of the previous financial year's reduction of 50 per cent). At the time of publication, legislation to give effect to the Budget announcements had not been finalised. Please contact Mercy Super for the latest information.

ELIGIBILITY CONDITIONS

To be eligible for a Mercy Super Account-Based Income Stream account you must:

- Have reached your preservation age (at least age 55) and permanently retired from the workforce; or
- Have reached age 60 and left your employment (though you are free to start work with another employer); or
- Have reached age 65; or
- Have been assessed as Totally and Permanently Disabled; and
- Have a minimum opening balance of \$20,000.

WHAT CONTRIBUTIONS CAN BE USED TO ESTABLISH AN ACCOUNT-BASED INCOME STREAM?

Where additional funds become available in the future you may contribute these to your superannuation account and then set up an additional Account-Based Income Stream. Alternatively you may consider commuting your original Account-Based Income Stream funds back into your superannuation membership, and then open a new Account-Based Income Stream.

You can commute your Account Based Income Stream at any time, provided a minimum (pro-rated) payment amount has been made from your income stream at that time. (Refer to the minimum annual payment table at left.)

Account-Based Income Streams (cont'd)

HOW MUCH MONEY CAN I RECEIVE?

You can elect to receive any amount equal to or greater than the Government specified minimum payment. This minimum is based on your age and your opening account balance at commencement and the beginning of each financial year.

WHEN WILL PAYMENTS BE RECEIVED?

Your Account-Based Income Stream payments can be made on a weekly, fortnightly, monthly, quarterly, half yearly or yearly basis and deposited directly into your nominated bank, credit union or building society account. Payments are made according to the payment frequency you have selected.

Please note that your payment cannot be paid into a business account or an account in any name other than your own, apart from accounts held in joint names.

CAN I MAKE A LUMP SUM WITHDRAWAL?

You may elect to make a lump sum withdrawal at any time. The minimum withdrawal is \$1,000; however, you must leave a minimum of \$5,000 in your account. Lump sum withdrawals are taxed as superannuation lump sum payments (i.e. there will be a taxable component and a tax free component. Refer to page 25 for more information). Withdrawals made at or after age 60 are not subject to tax.

If your account balance falls below \$2,000, your Account-Based Income Stream account will be closed and the remaining funds will be paid into your nominated bank account.

HOW DOES AN ACCOUNT-BASED INCOME STREAM ACTUALLY WORK?

An Account-Based Income Stream product is designed to help you to access your super when you retire and continue to benefit from your superannuation investment strategy.

The following is a typical example of how an Account-Based Income Stream can work.

CASE STUDY – SUSAN

Susan is 65 and has retired with \$200,000 in superannuation, which she wants to make sure is going to last for as long as possible. Susan decides to stay in a familiar investment environment and transfers her Fund superannuation account balance into the Fund's Account-Based Income Stream product. She determines that she will need \$20,000 for living expenses and so sets her Income Stream withdrawals to 10% p.a.

At the same time, we will assume that investment returns are at 7% p.a. therefore returning \$14,000. After a minimal Management cost of \$600 (0.3% capped at \$1,000) is withdrawn, Susan's actual account balance looks like this:

Susan's opening balance in her Account-Based Income Stream	\$200,000
Less Income Stream payments for one year	\$20,000
Less Management Costs - Asset Fee (0.3%)	\$600
PLUS Investment returns (at 7% p.a.)	\$14,000
BALANCE after 12 months	\$193,400

At the end of 12 months, Susan's account balance is \$193,400. Even after drawing \$20,000 from her account and paying her fees, her account balance is only \$6,600 less than at the beginning of the year.

The important thing to note in this example is that Susan has not paid any tax on her income drawn from her Income Stream Account, as she is over age 60, or on her investment returns.

HOW LONG WILL MY ACCOUNT-BASED INCOME STREAM LAST?

An Account-Based Income Stream is not a lifetime pension – it is possible that you may completely draw down (use up) your account balance before you die.

The following factors are the main determinants of how long your Account-Based Income Stream will last:

- Performance of your selected Investment Option;
- Nominated yearly Income Stream Payments – whether you elect to withdraw only the minimum or some higher amount each year;
- Any Lump Sum Payments withdrawn;
- Any Fees, Charges and Taxes deducted from your account.

Your initial account balance may increase if your investment earnings are greater than the sum of your Account-Based Income Stream Payments, fees, charges and taxes. Your account balance will be reduced if these items exceed Investment earnings.



Investment Options

This section covers the investment choices you have in the Fund.

IT'S YOUR CHOICE

We understand that members have different views about the way they would like to see their 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 to one Investment Option, you can change it from time to time (see page 22).

You have a choice of five investment options:

- **Balanced Growth** (the Fund's default option—please see right);
- **Balanced**;
- **Cash/Cash Enhanced**;
- **Shares**; or
- **Socially Responsible Investments**.

WHY MAKE A CHOICE?

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

TAKE CONTROL

Managing your Income Stream account 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 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 money 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.

UNDERSTAND THE BASICS

Mercy Super invests your savings across four main types of investments or asset classes:

- Cash;
- Fixed Interest (or bonds);
- Property; and
- 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 (and potentially higher losses) 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 making it rise and fall.
- **Property** – Includes land and buildings that can be bought, sold or leased. Investing in property through a super fund allows you and other members to pool money 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 they can be used to protect your investment against loss. However, they generally deliver lower returns (and lower losses). 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 are derived 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 changing interest rates, currency movements and the economic climate as well.

- **Cash** – Investments in cash include money invested in term deposits or bank bills. 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 both Australia and 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 relative to the currency of the country where the investments are held) 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 specific investments can be obtained from the most recent Annual Report or our website.

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

“It’s my money, so I want to be in control of how it’s invested.”

Investment Options (cont'd)

THINK ABOUT YOUR INVESTMENT TIMEFRAME

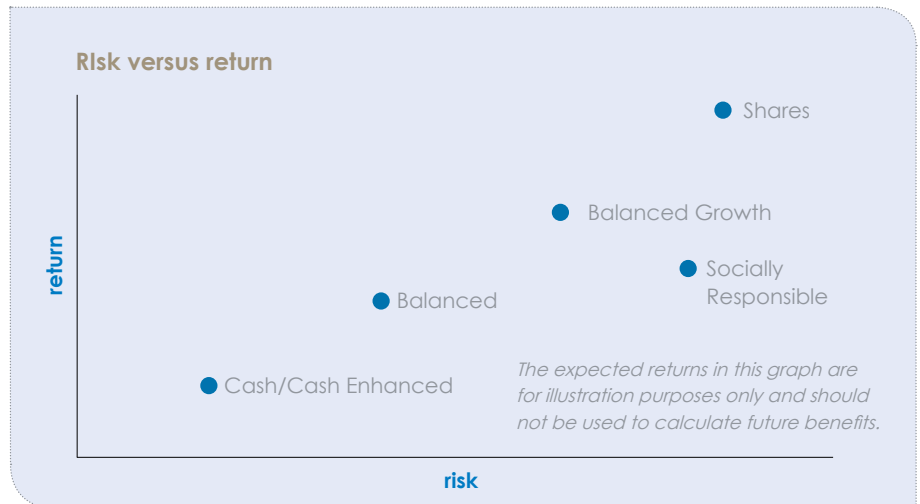
Your investment timeframe is the period between the day you begin to invest and how long you will need to use your income stream to support your retirement. This period becomes very important when choosing your investment option.

After retirement at say age 60, the average person can expect to live at least another 25 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 all of your money at once, 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 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.



☞ *Remember, you may well live at least another 25 years after you retire.* ☞

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 fall 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 of Mercy Super's Investment Options are outlined on pages 19 to 20.

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.

Please note: *The political 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.*

Member Investment Options – 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.

Investment performance to 30 June 2010¹ (Income Stream categories)²

Year	Return
5yr compound average	4.2%
Interim investment returns to 31 May 2011 ³	9.6%
2010	11.6%
2009	-15.5%
2008	-6.9%
2007	19.3%
2006	17.4%

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 ⁴
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	4.9%
Interim investment returns to 31 May 2011 ³	7.9%
2010	10.5%
2009	-9.6%
2008	-0.7%
2007	14.0%
2006	12.8%

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	5.6%
Interim investment returns to 31 May 2011 ³	5.6%
2010	5.8%
2009	4.8%
2008	5.5%
2007	6.6%
2006	5.6%

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	3.6%
Interim investment returns to 31 May 2011 ³	12.2%
2010	13.0%
2009	-18.0%
2008	-16.6%
2007	25.8%
2006	22.8%

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	9.9%
2010	9.3%
2009	-11.5%
2008	-24.7%

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).

More about Investments

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.

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 below.)

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.

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 241 266).

Assets are allocated within ranges (see Target Asset Allocations on the previous page) 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.

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.

TARGET ASSET ALLOCATIONS

The Target Asset Allocations for each option (shown on the previous 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).

Details of where the money is invested and the most recent target or benchmark allocations will be shown on our website, or you can contact us to request the information.

LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS*

Apart from the Fund's Socially Responsible Investment Option (please refer below and to page 20), which does take into account labour

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

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.

The Socially Responsible Investments option is fully invested in the AMP Capital Investors Responsible Investment Leaders Balanced Fund. You can find out more about this product at www.ampcapital.com.au/ampfp/rii/balanced.asp. The AMP Capital Investor's Responsible Investment Leaders Balanced Fund can also be accessed directly via AMP. The minimum initial investment amount for new investments is \$10 million. A copy of the product disclosure statement for the AMP Capital Investor's Responsible Investment Leaders Funds is available on request, free of charge.

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.

While companies are monitored on an ongoing basis, AMP Capital Investors formally reassesses each company at least every two years. If a company falls below SRI standards it is sold within six months.

**Please contact the Fund if you require further information.*

SWITCHING 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 *Member Investment Choice* form to Mercy Super at least seven working days before the end of the month. This will ensure your Income Stream account 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.

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.

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

You can obtain a *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.

How do I notify the Fund about my switch?

You have two options:

1. **Personally deliver** your Member Investment Choice form to us, (for location see page 2)
2. **Mail** your Member Investment Choice form to:

Mercy Super
PO Box 8334
Woolloongabba QLD 4102

Please note: an original form must be received by the Fund (for your protection we cannot act on faxed or scanned copies).

Nominate your beneficiary(ies)

This section of the Booklet provides you with information on how you can let us know who you would like to receive your benefit should you die while a member of the Fund.

If you die while you are a member of the Fund the benefit payable may provide valuable financial assistance to your dependants. The Trustee has the discretion to pay your benefits to your dependants and/or your legal personal representative.

The Trustee allows you to specify how you would wish your death benefit to be paid by making a beneficiary nomination. Unique to Income Stream accounts is the option to choose a Reversionary Income Stream, whereby an income benefit continues to be paid to your dependant after you die. However, where the dependant is a child of the deceased, the reversionary income stream is only payable in limited cases and for limited periods.

You should nominate your preferred beneficiaries when you open your Income Stream Account and you are encouraged to review your nominations as your circumstances change.

WHAT HAPPENS TO MY ACCOUNT IF I DIE?

You may nominate one or more of your dependants (see definition on the right) 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 Reversionary income stream;**
- **A Non-binding nomination; or**
- **A Binding nomination.**

The most appropriate nomination will depend on your personal circumstances. You should seek advice from a legal or 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.

A REVERSIONARY INCOME STREAM

A Reversionary Income Stream allows for an income benefit to continue to be paid to your dependant after you die. However, where the dependant is a child of the deceased, the Reversionary Income Stream is only payable in limited cases and for limited periods.

A Reversionary Income Stream can be paid where the recipient:

- Was a spouse of the deceased; or
- Was a person with whom the deceased had an interdependent relationship; or
- Was a financial dependent.



In the case of a child of the deceased a Reversionary Income Stream can only be paid if:

- The child is less than 18 years of age; or
- Is 18 years old but less than 25 and financially dependent on the deceased member; or
- Has a disability that meets the definition in subsection 8(1) of the *Disability Services Act 1986*.

If a person does not meet the definition of a Reversionary Income Stream recipient then any reversionary benefit can only be paid as a lump sum.

NON-BINDING NOMINATION

If you choose to make a non-binding nomination on your Application the Trustee will use this nomination as a guide only, along with other current and relevant information (e.g. your up-to-date Will) it has to make a decision on how your benefit should be paid 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 (in the Easy to Complete forms section of this Booklet) when it is paying your death benefit. Provided that your nomination is a valid one, the Trustee 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.

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:

- A person legally married to the member at the relevant time;
- Another individual (whether of the same sex or a different sex) with whom the member is in a relationship that is registered under a state 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.

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 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.

Taxation

WHAT TAXATION IS APPLIED TO MY INCOME STREAM?

The Trustee advises that the following section is only a guide. As we all have different individual circumstances, it is recommended that you obtain professional advice about your own specific situation.

As a guide, the following Income Stream components may be subject to tax:

INVESTMENT EARNINGS

One of the benefits of an Income Stream account is that no tax is payable on your investment earnings.

ON ESTABLISHMENT OF YOUR INCOME STREAM ACCOUNT

There is no tax paid when you transfer your benefit from your current superannuation account into either of Mercy Super's Income Stream accounts.

INCOME STREAM PAYMENTS FOR MEMBERS UNDER AGE 60

PAYG tax will be deducted from any payments made by Mercy Super and, at year's end, a PAYG Payment Summary will be sent to you.

Your nominated Income Stream payments will be split in the same proportions as the tax-free and taxable components of your account balance at the commencement of your Income Stream. The proportion related to your tax-free account balance represents the tax-free portion of your payment. The remainder of your payment is the taxable portion. You may be entitled to a tax offset on the taxable portion of your payments and you should seek advice on your tax position.

CASE STUDY ONE – JOHN

John is 59 years of age and has a total initial account balance of \$500,000 and the tax-free component of this account is \$100,000 or 20%.

Therefore 20% of the Income Stream payments he receives are tax-free and the remaining 80% is taxable. John may be entitled to claim a tax offset of up to 15% on the taxable part of his income payments.

CASE STUDY TWO – ANDREA

Andrea is 55 years old and has an account balance of \$500,000 and elects to take 4% of her account balance of \$500,000 as an Income Stream which is \$20,000. As her tax-free component at commencement is 20% of her account balance, the tax-free component of her income stream is 20% of \$20,000 which equals \$4,000.

The remaining \$16,000 is her taxable component.

To determine her tax offset, Andrea multiplies her taxable component of \$16,000 by 15% which equals \$2,400.

Andrea is entitled to a tax offset of \$2,400 which she can use to reduce the tax payable on all her assessable income, including the income received in the year from her Account-Based Income Stream.

INCOME STREAM PAYMENTS FOR MEMBERS AGED 60 OR OVER

There is no tax payable on any Income Stream payments for anyone age 60 or over. Accordingly, a PAYG Payment Summary will not be sent to Income Stream members in that position.

WITHDRAWALS

As lump sums are not included as part of your regular income stream payments, different taxation requirements will apply. Withdrawal payments are taxed as superannuation lump sum payments. Lump sum withdrawals after age 60 are not subject to tax. The Trustee recommends that you seek professional advice or contact the Australian Taxation Office for further information.

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 the taxable component of your Mercy Super pension payments in 2011/12 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

TAX FILE NUMBERS

As different Tax File Number requirements apply to Income Streams, you are encouraged to complete a new Tax File Number Declaration to ensure that the correct rate of tax is deducted.

Providing your Tax file Number is optional but if you do not provide it, the total of your taxable amount will be taxed at the highest Marginal Tax Rate plus the Medicare Levy if you are under age 60. If you are aged 60 or over, only the untaxed element (if any) of your taxable component will be taxed at the highest Marginal Tax Rate plus the Medicare Levy.

Taxation (cont'd)

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.

Fees and Other Costs

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your account, from investment earnings, or from the Fund assets as a whole. Applicable taxes are set out on page 25 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 any members.

CONSUMER ADVICE WARNINGS

Did you know?

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

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

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate 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 Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a superannuation investment fee calculator to help you check out different fee options.

Fees and Other Costs (cont'd)

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.
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		
Management Costs - Asset Fee: This is the ongoing cost of managing your account and the Fund.	Up to 0.30% p.a.	This amount will be calculated and deducted directly from your account with effect on each 30 June, or if a lump sum partial payment is made during the year, or if the full benefit is paid from the Fund. A cap applies. See page 28 for further details.
Investment Management fees: This is the fee charged by the investment managers selected by the Trustee 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 month* before crediting rates are determined. These deductions are borne indirectly by members and affect the return applied to your account. Some investment managers are entitled to receive performance fees based on their achieving or exceeding pre-determined investment objectives. These performance fees, like other investment management fees, are deducted from the Fund's investment earnings prior to the declaration of crediting rates.
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.

*See the section 'How investment earnings are applied to member accounts' on page 21 of this Booklet.

ADDITIONAL EXPLANATION OF FEES AND COSTS

For tax costs refer to page 25 of this Booklet.

- 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 2010/2011 year.

☞ Mercy Super is a non-profit fund. This means all profits are returned to members. ☞

MANAGEMENT COSTS – ASSET FEE

This fee represents the Fund's costs 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 was calculated using the 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% fee will be deducted for any members that leave, or payments made, during the year.

As total Fund management costs include member benefit protection, it is possible, but not expected, that the deduction may exceed 0.30%. 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.

CAPS ON MANAGEMENT COSTS

Where a member has an account balance total of more than \$333,333 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, the Trustee will not recover any more than \$1,000 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.

COMMISSIONS

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

Example of annual fees and costs for an Income Stream account with a Balanced Growth investment option

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 managed investment products.

Example – the Balanced Growth Investment Option

Management Costs – Asset Fee	0.30% p.a +	For every \$50,000 you have in the Fund, you will be charged \$590.00 each year.
Plus Investment Management fees	0.88% p.a +	

Additional fees may apply.*

A Withdrawal fee of \$55 may also apply if you make a withdrawal from your Fund Income Stream accounts. Fees are not negotiable.

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.

*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.

Extra Information

TRUSTEE

The Trustee is a company called Mercy Super Pty Ltd (ABN 98 056 047 324). Its Board is comprised of 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 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.

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 the Fund:

Systems and accounting services:

Independent Fund Administrators & Advisers (IFAA) (AFSL 238 507)

Investment consultant:

Frontier Investment Consulting (AFSL 241 266)

Actuarial consultant:

Sunsuper Financial Services (AFSL 227 867)

Group Life insurer:

MLC Ltd (AFSL 230 694)

Legal advisers:

McCullough Robertson
G Banner Consulting Pty Ltd
Holding Redlich

FAMILY LAW

In the event of a breakdown of your relationship, Family Law Legislation* means your Mercy Super accounts may now be subject to splitting between you and your partner/spouse.

Family Law affects your Income Stream 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 defacto couples/relationships.

LOST SUPER

If you intend to rollover your superannuation into your Income Stream Account you may want to check you don't have any 'Lost Super'.

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

If you lose contact with the Fund or any other super fund, you should contact the Tax Office on 13 10 20. The Tax Office holds a Lost Members Register containing records of lost members from all regulated superannuation funds in Australia.



ENQUIRIES AND COMPLAINTS

We welcome your enquiries and you can contact us at any time.

However, if you wish to make a complaint regarding your benefit or the operation of the Fund, please contact the **Chief Executive Officer** by:

Mail: PO Box 8334
Woolloongabba Qld 4102

Tel: **1300 368 891**
(for the cost of a local call)
or 07 3163 8867

Fax: 07 3163 2421

Email: information@
mercysuper.com.au

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 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, GPO, 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.

UPDATING INFORMATION

The information contained in this 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 or the Annual Report, newsletter or the Fund's website. Unless the changed information is materially adverse to you, we may not always update or replace this booklet 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.

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 to manage your superannuation account, 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.

MARKET RESEARCH

Market research is important to us because, in keeping with our 'always for you' philosophy, knowing the views of our members is critical to how we conduct our business. Your feedback helps us to improve the service we provide, and also helps to guide us in developing new or improved benefits. In this day and age, most organisations use formal market research programmes as a key part of getting to know their clients better.

Mercy Super will only ever use research to help us improve the services we provide to our members. We will never share your details with anyone else who may try to sell or promote products or services to you. Nonetheless, we understand that not everyone wants to participate in research or to receive promotional material, even if it only relates to your Fund membership. If you feel this way, simply drop us a line to let us know and we will respect your wishes. After all, 'always for you' means listening to all our members!

Please note: The Fund 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.

LOW-COST BANKING PRODUCTS

The Fund and ME Bank (AFSL 229 500) have teamed up to offer members access to low-cost banking products. Some of these include:

- Low interest home loans
- Low cost credit card with interest free days
- An everyday bank account
- Personal loans – \$5,000 to \$30,000
- Business loans and leasing.

If you want to find out more about these banking products call ME Bank direct on 13 15 63.



Super terms explained

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

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 you, your employer or your spouse.

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

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

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 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 – are the goals that the investment option aims to achieve.

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

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

Management Costs – are the ongoing costs of running the Fund and managing your account.

Medicare levy – is the 1.5% of taxable income paid by most Australian

individuals, on top of normal income tax, to help pay for the public health system.

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 the 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.

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 – is 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 – A 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.



Easy to Complete Forms

Most of the forms you need to start your Income Stream Account can be found in this section.

Please note: You will also be required to complete a Tax File Declaration for the Tax Office which is provided with this Member Booklet or available by contacting our office.

All you need to do is:

1. Select the Income Stream Option that's right for you and complete the Income Stream Application Form.
2. Identify any superannuation accounts you wish to rollover into Mercy Super and complete the Easy Rollover Form (you will need to complete one form for each fund you wish to rollover. (Additional forms are available from our website or contact us and we will send you one.);
3. Complete a Nomination of Beneficiaries Form if applicable; and
4. Complete a Tax File Declaration Form for the Tax Office.

Once you have completed the forms you can return them to Mercy Super by post to:

Mercy Super
PO Box 8334
WOOLLOONGABBA QLD 4102

Or you can visit us in person:

Whitty Building
Mater Health Services
Raymond Terrace
SOUTH BRISBANE



Income Stream Application 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

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

1. Your personal details

Your member number (if known)

Your payroll number (if known)

Gender (tick one only)
 Male Female
 (Mr Mrs Ms Miss Dr)

Surname

Given names

Date of birth* / /

Address (*Please attach certified copy of proof of age)

Suburb State Postcode

Email Telephone Mobile number

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

2. Payment Request – Transfer to income stream

Transfer to the Pre-retirement Income Stream (this option is available if age 55 or over)
OR
 Transfer to the Account-Based Income Stream (this option is available if age 55 or over and permanently retired or if declared Totally & Permanently Disabled)

Amount to transfer (please tick):
 Full account balance, **or** amount \$ (minimum \$5,000 must remain in account)

Please note: Temporary Residents are not eligible to open an Income Stream account.

3. Income payment details

Please remember your income payments can be reviewed each year.

1. Amount of annual income payment

% or Minimum Maximum % (only applies to pre-retirement income streams)

Other – please specify dollar amount \$

If no election is made or the election is less than the minimum, it will be assumed that you have elected the minimum % amount as prescribed by Commonwealth Government Legislation.

2. Select your frequency of income payment*

(tick one only)

Weekly* Fortnightly* Monthly*
 Quarterly* Six Monthly* Yearly*

Payments will be made as per your original investment choice, or any subsequent investment option switch.

4. Payment details

Your Income Stream payments will be paid directly into your nominated bank account.

Name of financial institution

BSB Account number

Account name

To ensure accuracy of account details you must provide a copy of the top section of your bank statement showing BSB, Account Number and Account Name - the photocopy does not need to include the transactions or account balance.

5. Investment choice instruction

I request the Trustee of the Mercy Super Income Stream to invest my money in one of the following investment strategies.

Please choose one option only (tick the relevant box)

Balanced Growth Balanced Shares Cash Socially Responsible Investment

6. Reversionary pension – preferred beneficiary declaration

I understand that, under the Trust Deed I have two options, a lump sum benefit can be paid by the Trustee or I can choose to have a Reversionary Pension. Where you wish to set up a Reversionary Pension the below box must be ticked. Where no Reversionary Pension is selected the Trustees can decide which of my dependants and/or personal representatives shall receive my benefit in the event of my death. However, below is a guide to how I would distribute the benefit. I acknowledge that the Trustee is not bound to act in accordance with this guide. If you wish to nominate more than one dependant, please state the same details as below on a separate sheet of paper and attach to this form. Please see page 24 for eligibility details.

I wish to have a Reversionary Pension and acknowledge that the person selected is eligible as per page 24 of the booklet. I further acknowledge that it is my responsibility to update this information with the Trustee should circumstances change and that where the person nominated is not eligible that the Trustee will decide the distribution of benefits.

7. Beneficiary details

Each nominated beneficiary must be your spouse, child, or a person who meets the definition of an interdependant or who is financially dependent on you (identify nature of relationship and nature of interdependency or financial dependency) or your legal representative (e.g. executor of your estate).

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

8. Certified proof of identity

To safeguard the security of your benefit, you MUST provide us with certified proof of your identity before any payments can be released, e.g. a photocopy of either your drivers licence or passport signed as "a true and correct copy of the original document" by a person approved to do so. A comprehensive list of acceptable proof of identity documents and people approved to do so is shown on the next page. We cannot commence your income stream if you do not supply the requested proof of identity documentation.

I have supplied certified proof of identity documentation.

9. Declaration

- I declare that all the details provided in this application form and benefit payment request, and any attached forms, notices and documents, are true and correct.
- If my circumstances change while I am in receipt of a Mercy Super Pre-Retirement or Account-Based Income Stream benefit, I agree to advise the Fund Trustee in writing so my member account details can be amended.
- I have received and had the opportunity of reading the Income Stream Member Booklet, including any Supplementary Product Disclosure Statements, to which this application form is attached.
- I understand that on acceptance of this application form, I will have established a Mercy Super Pre-Retirement or Account-Based Income Stream (as indicated on this application), and agree to be bound by the conditions set out herein.
- I understand that neither the capital invested nor the investment returns of the Mercy Super Pre-Retirement or Account-Based Income Stream are guaranteed by the Fund, the Fund Trustee, or any other party.
- I understand that payments are restricted to an amount I determine equal to or between the minimum amount calculated and my account balance.
- I authorise my existing Mercy Super benefit to be paid to my Mercy Super Income Stream benefit as instructed on this form.
- I am aware that I may ask the Trustee for all information that I need to understand my benefit entitlements (including information on fees, insurance cover, investment options and the effect on my entitlements as a result of transferring my benefit to the Mercy Super Pre-Retirement or Account-Based Income Stream) and I do not require any further information.
- I have had the opportunity of reading the Fund's Privacy Policy and understand and approve how my personal information may be used. I consent to the disclosure of information about me, and the collection of information about me for the purposes explained in that Policy. I understand the information that I have provided will be used only for the purpose of administering my account.
- 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.

Member's signature

Date

 / /

FUND USE ONLY

Processed by:

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Important information regarding identification requirements

Completing Proof of Identity

You will need to provide documentation with this Application 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 (must be current)
- Passport (current or expired within last two years)
- 18 plus card (must be current)

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

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.

Privacy information

The Trustee in the course of paying benefits will request information from you in order that benefits are treated in accordance with your wishes. Any information collected from you will be treated in accordance with the Fund's Privacy Policy i.e. it will only be used for the payment of superannuation benefits, calculating benefits and providing information to other superannuation funds etc. If you have not yet received a copy of the Fund's Privacy Policy please contact the Fund on (07) 3163 8867.

Continues on next page >

Persons who can certify identification documentation

Persons who can certify member's customer identification documentation are as follows:

- 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
- an officer with, or a credit representative of, a holder of an Australian credit licence, having 2 or more years of continuous service with one or more licensees.

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"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <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"/> <input type="text"/> <input type="text"/> <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"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
Previous employer name (if applicable)	Approximate date I left		
<input type="text"/>	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <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 complied with the secondary identification requirements listed on page 2 of this form.

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.

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.

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

Primary Identification Documents

One of the following documents:

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

OR

Secondary Identification Documents

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 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.

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Checked by:

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Persons who can certify identification documentation

The persons listed below can certify member's customer identification documentation:

- 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
- an officer with, or a credit representative of, a holder of an Australian credit licence, having 2 or more years of continuous service with one or more licensees.

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Nomination of Beneficiaries

Please complete and return one of the attached forms if you wish to change the person(s) that you have nominated to receive your benefit in the event of your death while you are a member.

What happens to my superannuation benefit if I die?

Under the Superannuation Industry (Supervision) Act (SIS Act) a death benefit can normally only be paid to a dependant, the member's legal personal representative (LPR), or a combination of dependants and the LPR. Payment can only be made to another individual if the Trustee, after reasonable enquiries, is unable to locate any dependants or LPR.

You can choose the type of nomination that best suits your needs, either:

- a non-binding nomination; or
- a binding nomination.

It is important that you complete and submit one form only.

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 in accordance with the SIS Act.

Non-binding nomination

A Non-binding nomination of your preferred beneficiaries is not binding on the Trustee, but will assist the Trustee in exercising its discretion.

The Trustee will determine what proportion of your entitlements goes to one or more of your dependants or your legal representative on the event of your death. Unless the Trustee decides to pay the benefits to your estate, your entitlements will not form part of your estate and will therefore not be subject to the terms of your will.

The Non-Binding Death Benefit Nomination is on page 2 (i.e. on the back of this page).

Binding nomination

This means that you can request that the Trustee of the Fund, in the event of your death, to be bound by the nomination you make on your *Binding Death Benefit Nomination* form when they are paying out your death benefit. Provided that your nomination is a valid one, the Trustee will be obliged to pay any death benefit entitlement to the person or people you have nominated on your form. Further details can be found on page 4.

The Binding Death Benefit Nomination is on pages 3 and 4.

Definitions

The following definition of '**dependant**' applies:

- the spouse of the member, any child of the member and any person with whom the member has an interdependency relationship at the member's date of death; and
- any other person who in the opinion of the Trustee is at the member's date of death wholly or partially financially dependent on the person.

Two people are in an interdependent relationship if:

- they have a close personal relationship; and
- live together in a genuine domestic basis in a relationship as a couple; 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.

A '**spouse**' is:

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

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

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.

Non-Binding Death Benefit Nomination



Please send this completed form to:
 Mercy Super
 PO Box 8334, WOOLLOONGABBA QLD 4102

Phone: 1300 368 891 or (07) 3163 8867
Fax: (07) 3163 2421
Email: information@mercysuper.com.au

Please complete and return this form if you wish to change the person(s) that you have nominated to receive your benefit in the event of your death while you are a member.

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

1. Your personal details

Your member number (if known)

Your payroll number (if known)

Surname (Mr Mrs Ms Miss Dr)

Given names Date of birth / /

Postal address

Suburb State Postcode

Email Telephone Mobile number

2. Beneficiary details

I nominate the people below, and/or my legal personal representative, (e.g. executor of your estate) as my preferred beneficiaries for the payment of my death benefit from Mercy Super. I understand my preferred nomination will be used by the Trustee of Mercy Super as a guide only and that the Trustee of Mercy Super is not bound by my nomination when exercising its absolute discretion to pay my death benefit.

NAME	DATE OF BIRTH	% OF BENEFIT	RELATIONSHIP

3. Member declaration

I declare that:

- I cancel any earlier written death benefit nomination to the Trustee.
- This nomination applies to all my benefits with Mercy Super.
- 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.

Member's signature

Date / /

Binding Death Benefit Nomination



Please send this completed form to:
 Mercy Super
 PO Box 8334, WOOLLOONGABBA QLD 4102

Phone: 1300 368 891 or (07) 3163 8867
Fax: (07) 3163 2421
Email: information@mercysuper.com.au

To make a binding nomination, or to replace an earlier nomination, or to add to existing nomination(s), please complete the details in 'Beneficiary details' listing ALL those you wish to be beneficiaries of your death benefit. If you are adding beneficiaries, ensure that you include those previously nominated as well as your new beneficiary(ies). Please ensure that the percentage column totals 100%. **Please complete in a black or blue pen and BLOCK letters. This form is invalid if the Declaration is not signed.**

1. Your personal details

Your member number (if known)

Your payroll number (if known)

Surname (Mr Mrs Ms Miss Dr)

Given names Date of birth / /

Postal address

Suburb State Postcode

Email Telephone Mobile number

2. Beneficiary details

Each nominated beneficiary must be your spouse, child, or a person who meets the definition of an interdependant or who is financially dependent on you (identify nature of relationship and nature of interdependency or financial dependency) or your legal representative (e.g. executor of your estate). Please see over for more details.

NAME	DATE OF BIRTH	% OF BENEFIT	RELATIONSHIP

3. Member declaration

You must sign and date this form in the presence of two witnesses over the age of 18 who are not beneficiaries.

I cancel any earlier written binding death nomination to the Trustee by me and it is my intention that this nomination will be binding on the Trustee as permitted by law.

- I give the Trustee notice that on my death, my death benefit (if any) payable from the Fund shall be paid in the proportion to any one or more of my dependants or interdependants listed above or my legal representative.
- This binding nomination is valid for three years from the date I have signed this form.
- I may at any time cancel or change a binding nomination notice in accordance with the Fund's procedures.
- If a notice is invalid or has not been sent to the Trustee when I die the death benefit will be determined by the Trustee at its discretion.
- This nomination applies to all my benefits with the Fund.

- I have read the notes on the back of this form which sets out the terms upon which this nomination is made and I understand that these are consistent with the the Fund's Trust Deed, a copy of which is available upon request.

I declare that:

- The details provided are true and correct in every detail and I authorise Mercy Super to update its records accordingly.
- I understand the information that I have provided will be used only for the purpose of administering my account.
- I have had the opportunity of reading the Fund's Privacy Policy and understand and approve of how my personal information will be used.
- 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.

Member's signature Date / /

This form must be signed and dated by two witnesses in the space provided on the back of the form.

4. Witness declaration

I hereby declare that I am over the age of 18 years. I am not a beneficiary nominated on this form and I witnessed the member sign this form.

PRINTED NAME	SIGNATURE	DATE	DATE OF BIRTH
1			
2			

Important notice

Binding death benefit nominations

- To provide greater certainty about who receives your benefit when you die, you can make a nomination that binds the Funds' Trustee to pay your death benefit to specified persons (providing you are still a member of the Fund when you die). You can request the Trustee to pay the benefit either as an income stream, lump sum or a combination of both.

The person(s) you nominate must be any one or more of the following:

- Your current spouse. (Refer to page 1.)
- Your children. (Refer to page 1.)
- Any person(s) financially dependent on you.
- Any person who satisfies the death benefit interdependency definition.
- Your legal personal representative, which means the executor or administrator of your estate.

It is important to note that all your nominated beneficiaries must be alive and fall within one of these categories at time of your death.

Please note: A death benefit can only be paid as an income stream to your child if they are:

- Under age 18,
- Under age 25 and financially dependant on you, or
- Have a certain type of disability.

What is a valid nomination?

To make a nomination valid, you must also follow these procedures. Your nomination must:

- Be made to us in writing on the application form over the page.
- Clearly set out the proportion of the benefit to be paid to each person nominated (total must add up to 100%).
- Be signed and dated by you in the presence of two witnesses over the age of 18 who are not nominated in the form.
- Be signed and dated by the two witnesses in your presence.
- Be sent to us (a nomination will not be valid until we receive it).

You may also wish to inform your nominated beneficiaries of your nomination.

How long is the nomination valid?

If you make a binding nomination, it will be **valid for three years from the date you sign this form**. It is important that you update your nomination regularly to ensure that your wishes are met. You may renew, change or cancel your nomination at any time.

If your nomination is valid, we must follow it no matter how your circumstances have changed. For example, if you nominate your spouse and you later separate, but have not yet obtained a divorce, your nomination remains valid and binds the Trustee unless you vary or cancel it, or it expires.

Your dependants have the right to complain to the Superannuation Complaints Tribunal (SCT) about the Trustee's decision. The SCT will review the decision and all supporting

documentation and may be able to change the decision in some circumstances (for example, if the nomination had expired at the date of death).

How do I update my binding nomination?

If you want to make or cancel a binding nomination, you must follow the procedures as outlined below.

- Make a new nomination:** If you want to make a nomination, you must write your chosen beneficiaries' details in Section 2 of the form. Your beneficiaries must be your spouse, child, financial dependant, or legal personal representative, and the 'percentage of benefit' column must total 100 per cent. The form must be signed, dated and witnessed.
- Cancel a nomination:** If you want to cancel a current binding nomination and not replace it, you must write 'cancel previous nomination' in the 'Beneficiary details' section of the form. Please note that the form must still be signed, dated and witnessed to cancel a previous nomination.

We will write to you to confirm your new or cancelled nomination. We will also write to you seeking your instructions prior to the expiry of any existing nomination. You will be advised of your nomination each time we send your Annual Member Statement.

Additional *Binding Death Benefit Nomination* forms can be obtained from the Fund by calling 1300 368 891.

Default option

If, at the time of your death:

- You have not made a binding death nomination, or
- Your nomination has been cancelled, or
- Your nomination is invalid (for example, it is not correctly signed and witnessed, it is more than three years old and has not been renewed, or any of the people nominated dies before you or no longer falls within one of the permitted categories).

The Trustee of the Fund will use its discretion to determine how your benefit should be paid.

Privacy

The Fund only collects information on this form that is essential for the administration of your binding death nomination. The Fund will not use the information about you, or your witness, for any other purpose, or pass it to any other organisation without express permission.

You should consider consulting your legal adviser before making or cancelling a binding death benefit nomination.

Proof of Identity

Under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 superannuation funds are required to identify, monitor and mitigate the risk that the Fund may be used for the laundering of money or the financing of terrorism.

To meet these requirements the Fund reserves the right to request further information to verify your proof of identity of the recipients of the benefit.

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 the Member Booklet (also known as a Product Disclosure Statement) that applies to the category of membership that may apply to you. You may also wish to consider obtaining professional financial advice. The Member Booklets contain information about the benefits, fees and risks of the Fund's various categories.

WHO WILL BE RESPONSIBLE FOR THE ADVICE PROVIDED TO YOU?

The Trustee of the Fund is Mercy Super Pty Ltd ABN 98 056 047 324, which is Registered Superannuation Entity (RSE Licence No. L0001359 & RSE registration No. R1004311). The Trustee is responsible for the financial services offered in the Member Booklets.

The Trustee can provide these services in its role as 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.



Financial Services Guide (cont'd)

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 the Member Booklets before making any decision to acquire the product.

HOW ARE WE REMUNERATED FOR OUR SERVICES?

Mercy Super provides these financial services under IFAA's Australian Financial Services Licence. IFAA provides the Fund with administration software and financial accounting services. Neither Mercy Super 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, IFAA or the services provided, you can contact us (see right for contact details).

COMPLAINTS ABOUT MERCY SUPER

If you have a complaint regarding the Fund (for example in relation to the conduct or decisions of the Trustee) you should contact the Member Services Manager (see right for contact details). Alternatively, you may visit IFAA's office at Level 1, 424 Upper Roma St, Brisbane, Qld.

COMPLAINTS ABOUT ADVICE PROVIDED

If you ever have a problem with the financial advice provided by Mercy Super staff under IFAA's licence, then you should write to the General Manager, Operational Services, IFAA at the address provided to the right.

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.

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.

This Financial Services Guide was prepared on 9 June 2011.

CONTACT DETAILS

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MEMBER BOOKLET
INCOME STREAMS