

# Member notice

19 FEBRUARY 2021

This notice provides you with important information about changes to Mercy Super's Socially Responsible investment option, an update to the details for our 1 March 2021 Annual Members' Meeting and information relating to nominations for an upcoming Member Director vacancy.

## Changes to the Socially Responsible investment option

Mercy Super established the Socially Responsible investment option in December 2007. This option was designed to provide members access to a balanced portfolio of investments within a responsible framework considering the environmental, social and ethical factors of underlying assets. To support this framework, member balances were wholly allocated to the AMP Capital Ethical Leaders Balanced Fund.

In recent times, there has been negative press surrounding AMP Capital stemming from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry as well as inappropriate culture within their senior management team. This contributed to several large superannuation funds withdrawing their investment from the fund requiring AMP Capital to place certain restrictions on future redemptions.

Furthermore, key staff responsible for the socially responsible characteristics of the fund have resigned from AMP Capital. These matters all bring into question the ability of this fund to meet its stated objectives and desired investment settings.

Given this, the Trustee had concerns over the ability of the AMP Capital Ethical Leaders Balanced Fund to continue to deliver on its initial goals. There are also concerns over the potential liquidity of the fund in the short-term which could put at risk our members ability to withdraw their allocation within this investment.

The Trustee has therefore determined that it is in the members' best interests to redeem the AMP Capital Ethical Leaders Balanced Fund investment as soon as possible and investigate other investment opportunities for the Socially Responsible option. This action was initiated on 15 February 2021.

## What will happen to existing balances invested in the Socially Responsible option?

As an interim measure, the assets within the Socially Responsible option have been invested in existing investments with the same strategic asset allocation as Mercy Super's MySuper Balanced option. This was chosen as it is an existing investment strategy that closely matches the risk and return objectives and strategic asset allocation of the Socially Responsible option. From 16 February 2021 all future cashflow to the Socially Responsible option (contributions, transfers and any payments) will also be directed to an asset allocation aligned to the MySuper Balanced option.

This is intended to only be a temporary arrangement until the Trustee can research and implement a suitable structure including appropriate investment managers for the long-term support of the Socially Responsible option. This could take several months.

## I currently have some of my super in this option. What are my options?

You will continue to have the flexibility to choose from any of the other investment options within Mercy Super with no buy/sell or transaction costs if you decide to switch your investment out of the Socially Responsible option. You can do this through Member Online or using the *Changing your investment options* form (available at [mercysuper.com.au/information-hub](https://mercysuper.com.au/information-hub) or by contacting us).

## What next?

The Trustee is currently researching a range of alternative investment managers and structures to support the long-term goals of the Socially Responsible option. We'll let you know once this is in place and the details behind the restructured option.

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## Trustee election 2021

### We're calling for nominations for Member Director

Trustee elections let you have a say in who is on your Trustee Board.

Mercy Super is the super fund established and run for our exclusive membership community. Throughout our history we have always put our members first.

One of the ways the Fund reflects the needs of our members is by having three of the seven directors of the Board of the Fund's Trustee, Mercy Super Pty Ltd (ABN 98 056 047 324), nominated and elected by the members themselves. These are known as Member Directors.

The term of office for one of our current Member Directors expires on 30 June 2021. Because of this, we're calling for nominations from members to run for this vacant position.

### Deadline: Nominations close 15 March



If you are interested in being a Member Director or nominating someone, we encourage you to read the information provided at [mercysuper.com.au/trusteeelection2021](https://mercysuper.com.au/trusteeelection2021). Nominations close at 5pm on Monday, 15 March 2021.

If you have further questions about the process for appointing Member Directors, please contact the Company Secretary, Brad Hutchinson on **07 3163 8624** or by email [brad.hutchinson@mercysuper.com.au](mailto:brad.hutchinson@mercysuper.com.au)

You'll find more information on the expectations and responsibilities of a Member Director, the nomination process and a nomination form at [mercysuper.com.au/trusteeelection2021](https://mercysuper.com.au/trusteeelection2021).

### The nomination process



Before nominating a member, or being nominated yourself, you should read the information below on the nomination process, including who can be a Member Director. You should also read about what a Director does.

### How it works

The first step in the election process is the call for nominations. If more than one candidate is nominated and approved by the Trustee, an election will be held. The newly elected Member Director will hold office for four years, commencing 1 July 2021.

The role of Member Director is a rewarding one. It offers the opportunity to enhance the financial wellbeing of your fellow members, however there are certain standards that need to be met to be eligible for these responsible positions.

You can be nominated as a Member Director if you:

- are a current member of Mercy Super
- are over 18 at the time of nomination
- don't currently work for Mercy Super (and haven't in the last six months)
- satisfy all requirements of the Trustee's Fit and Proper Policy and Procedures including not being disqualified from being a director and consent to relevant checks being conducted
- provide any other information or consents required which may include providing names of referees
- have approval to serve from your employer

**Candidates must be nominated by a current Mercy Super member.**

### What does a Trustee Director do?

Being a Trustee Director of a superannuation fund is a responsible position. The principal responsibilities include:

- compliance with the terms of the Trust Deed and Rules
- ensuring members' rights are protected
- investment of the assets of Mercy Super
- ensuring that the Fund complies with legislative and regulatory requirements (including the Corporations Act 2001 which covers disclosure requirements and the Superannuation Industry (Supervision) Act 1993 which includes licensing and registration requirements for Trustees and superannuation schemes)

Trustee Directors can take advice and use the services of outside professionals, but the ultimate legal and decision-making responsibilities rest with them.

If elected you will be expected to engage in ongoing training to maintain and enhance your skills as well as attend meetings as required.

Trustee Directors are required to attend usually five Board meetings each year. Each meeting is typically held on a Monday and lasts around four hours (occasionally longer). The Board papers are typically in excess of 250 pages. They are generally issued a week prior to each meeting and need to be reviewed by the Trustee Directors prior to the meetings.

Trustee Directors may also be required to serve on one or more of the sub-committees of the Board. These also meet a similar number of times each year with meetings generally lasting up to four hours. Committee papers are also issued a week prior to these meetings.

In addition to time spent in meetings and preparation, each Trustee Director is required to complete at least 30 hours of relevant training each year.

If you have further questions about the process for appointing Member Directors, please contact the Company Secretary, Brad Hutchinson on **07 3163 8624** or by email [brad.hutchinson@mercysuper.com.au](mailto:brad.hutchinson@mercysuper.com.au)

## Join us at the Annual Members' Meeting – 1:00 pm on Monday 1 March 2021



All members are invited to join our Annual Members' Meeting which will be held at 1:00pm on Monday 1 March 2021. Directors from the Trustee Board and the Executive team, as well as the Fund's auditor and actuary will be on hand to provide an update on:

- How the Fund has performed over the last financial year
- Regulatory issues as they relate to your super
- What is planned for the current financial year

To ensure COVID-19 safe practices, the meeting will be held online (not in Mater's Des O'Callaghan Auditorium as previously advised). To register your attendance go to **[mercysuper.com.au/annualmembersmeeting](https://mercysuper.com.au/annualmembersmeeting)** or contact us.

## We're here to help

If you have any questions about anything outlined in this Member Notice and the impact on your Mercy Super account, contact us on 1300 368 891.

### Contact us

<b>IN PERSON</b>	Potter Building, Ground Floor, Mater South Brisbane Campus, Annerley Rd, South Brisbane QLD
<b>MAIL</b>	PO Box 8334, Woolloongabba QLD 4102
<b>PHONE</b>	1300 368 891 or 07 3163 8880
<b>FAX</b>	07 3163 2421
<b>EMAIL</b>	<a href="mailto:information@mercysuper.com.au">information@mercysuper.com.au</a>
<b>WEB</b>	<a href="https://mercysuper.com.au">mercysuper.com.au</a>

*Issued by Mercy Super Pty Ltd ABN 98 056 047 324 AFSL 418976 Trustee of Mercy Super ABN 11 789 425 178. The information provided is of a general nature only and does not take into account your individual financial situation, objectives or needs. Accordingly, before acting on the information, it is important that you consider the appropriate Product Disclosure Statement, available from [mercysuper.com.au](https://mercysuper.com.au) or by contacting us, having regard to your own particular situation.*

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# Super account guide

The information in this document forms part of the Mercy Super Product Disclosure Statement

Issued 1 October 2020



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This *Super account guide* provides you with details about Mercy Super's Super account and information on important topics such as fees and tax as they apply to your account. The information in this document forms part of the *Product Disclosure Statement for Super and Income accounts* (PDS) issued on 1 October 2020, and the PDS references information you'll find in this guide. Other important information is contained in *Your investment options* guide and *Insurance in your super* guide which also form part of the PDS. You should consider all of the information contained in these documents before making a decision about investing in a Super account. The information in this guide is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice tailored to your own personal circumstances.

# 1. Welcome to Mercy Super

We exist solely to look after the super for employees who work in health, aged care, education and community welfare and their partners. People just like you.

We take our responsibility to look after our exclusive membership community seriously. We've been doing it since 1962 (about 30 years before super was compulsory).

Today, the core purpose behind Mercy Super remains unchanged – to build better retirement outcomes for our unique community of members. We may be in our late 50s, but we're as fresh and energetic as ever – taking care of the \$1.4 billion entrusted by more than 13,000 exceptional people that make up the membership community.

Importantly, you can continue to enjoy the care and support provided by Mercy Super through every stage of your life's journey. You can take your Super account with you from job-to-job and as you enter into your retirement years can access your super through your Income account.

## Who should read this guide?

If you have a Super account with Mercy Super, then you should read this guide. You'll find details in this document about making contributions, accessing super, tax, fees and more.

This guide is also for you if you're considering becoming a spouse member of Mercy Super – see page 6 for more information about our spouse accounts.

This guide forms part of the *Mercy Super Product Disclosure Statement (PDS) for Super and Income accounts*. You can download the PDS at [mercysuper.com.au](http://mercysuper.com.au)

## Mercy Super – always for you



Genuine care when you need it from our in-house team of qualified staff and financial advisers – all salaried Mater people



Investment options with a long history of strong, consistent, competitive performance



Death and Disability insurance cover options that adjust to your circumstances



24/7 online access to your super including a range of tools and calculators



Spouse accounts so your partner can enjoy all the benefits of being a Mercy Super member

## Keeping you informed

This guide was current at the time of issue. We may change or update the information in this guide from time to time. Where the change is not materially adverse, you can obtain this information by visiting our website [mercysuper.com.au](http://mercysuper.com.au). You can request a paper copy (free of charge) by contacting us on 1300 368 891.

This guide does not cover every contingency or issue that may arise. The Fund's Trust Deed and superannuation law set out your full legal rights and entitlements. Mercy Super Pty Ltd acts as trustee (in this document referred to as the 'Trustee' or simply 'we') of Mercy Super (in this document referred to as the 'Fund' or simply 'us'). Where we refer in this document to the word 'our', we may be referring to either or both the Trustee and the Fund.



### How can we help you?

If you're looking for information or help, never hesitate to contact us. Simply drop by for a chat, call us on **1800 368 891** or send us an email to [information@mercysuper.com.au](mailto:information@mercysuper.com.au)



## 2. Making contributions

Understanding your contribution options can help you make the most of your super. Starting early and contributing extra to your super can make a big difference to your retirement savings.










### How much super is enough?

The Association of Superannuation Funds of Australia (ASFA) calculates how much it costs to retire with a modest or comfortable lifestyle. In 2018 ASFA estimated that for a comfortable (but not luxurious) retirement, a couple needs a lump sum of approximately \$640,000\*, while a single person needs \$545,000\*. To learn more, and calculate how much super you may need, visit [mercysuper.com.au](https://mercysuper.com.au).

\*Source: ASFA, August 2018. All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6%.

### What's involved with making super contributions?

There are a few things to consider when putting money into your super. They include the type of contribution, any limits and tax provisions that may apply, who makes the contribution and how they are made.

1. Type	<div></div> <div><b>Before-tax<sup>1</sup></b></div> <div>Make contributions before you pay income tax (salary sacrifice).</div> <div>Includes employer contributions and any after-tax contributions you claim a tax deduction for, such as personal contributions.</div> <div>Also known as concessional contributions.</div>	<div></div> <div><b>After-tax<sup>2</sup> (no tax deduction claimed)</b></div> <div>Make contributions after you pay income tax.</div> <div>Also known as non-concessional contributions.</div>	
2. Limits	<div><div></div><div><b>\$25,000 p.a.</b> Taxed at 15%.</div></div> <div>OR</div> <div><div></div><div><b>Carry forward up to 5 years of unused concessional contribution cap amounts</b></div><div><i>If you have less than \$500,000 in all your super at the end of the previous financial year.<sup>3</sup></i></div></div>	<div><div></div><div><b>\$100,000 p.a.<sup>2</sup></b></div></div> <div>OR</div> <div><div></div><div><b>\$300,000 over 3 years<sup>2</sup></b> <i>If you're under age 65 and contributing more than \$100,000 in one year</i></div></div>	
3. Who and how	<div></div> <div><b>Your employer</b></div> <div>Contributes to your super before tax</div> <div><ul style="list-style-type: none"><li>• Minimum of Superannuation Guarantee amounts</li></ul></div>	<div></div> <div><b>You</b></div> <div><ul style="list-style-type: none"><li>• Salary sacrifice</li><li>• Personal contributions (after-tax)</li><li>• Spouse contributions</li></ul></div>	<div></div> <div><b>Australian Government</b></div> <div>Contributes to super for eligible low - medium income earners.</div> <div><ul style="list-style-type: none"><li>• Super co-contribution</li><li>• Low Income Super Contribution Scheme</li></ul></div>

<sup>1</sup> Before-tax contributions have tax benefits for many members, as the contributions tax you pay will generally be less than your marginal tax rate. If your taxable income is less than \$250,000 per year, your super contributions are taxed at 15%. If you're a high income earner (adjustable taxable income including salary sacrifice superannuation contributions more than \$250,000 per year), you'll pay 30% tax on super contributions.

<sup>2</sup> If your total super balance (all your super and income accounts) is \$1.6 million or more, you cannot make after-tax contributions.

<sup>3</sup> The first year you will be able to use any carried forward contribution cap amounts is 2019/20 (taking into account your unused portion for 2018/19).

## Over 67? Work test applies to extra super contributions

If you're between age 67 and 74, to be eligible to make extra before-tax or after-tax contributions to your super you need to have worked at least 40 hours in a consecutive 30 day period within the financial year. If you are 75 or older, you're not able to make extra contributions to your super. However, if you have less than \$300,000 in all your super at the end of the previous financial year you will be able to make extra super contributions for 12 months from the end of the financial year in which you last met this work test. This exemption from the work test applies once only.

## Before-tax (concessional) contributions

These are contributions that are made to your super from your salary before income tax is paid.

### Employer contributions

If you earn at least \$450 in a calendar month, your employer is required to contribute to your super an amount equal to 9.5% of your earnings. This is referred to as Superannuation Guarantee (SG) contributions. Your employer must pay SG contributions to your account at least quarterly.

### Making extra before-tax contributions (salary sacrifice)

Adding even small, extra amounts to your super can really add up over time and make a big difference to your retirement.

You can make personal contributions to super from your before-tax salary, known as salary sacrifice. With salary sacrifice, you let your employer know an amount or percentage of your salary that you want to add into your super account. The amount you add into super is taxed at 15% rather than your marginal tax rate which is likely to be higher.

Salary sacrifice can also reduce your taxable income (as you'll have more in super and less that is subject to income tax), meaning you'll generally pay less income tax.

Most people will benefit from salary sacrifice but not everyone. For example, if your marginal tax rate is 15% or less you could be disadvantaged.

Salary sacrifice contributions count towards the before-tax (concessional) contributions limits the same as employer contributions. It pays to check that your combined employer amounts won't push you over your limit. You can check your contributions limit at any time by logging in to your account via Member Online at [mercysuper.com.au](https://mercysuper.com.au).

### Let's look at how salary sacrifice can work

In the example below, Emma, Michelle and Sarah are 30, on a salary of \$80,000 p.a. with a \$50,000 super account balance. Michelle and Sarah each take three 12 month career breaks. Sarah decides to contribute an extra \$1,500 p.a. to her super by salary sacrifice, reducing her take-home pay by \$2.70 a day.

#### Emma

No career breaks or extra contributions



LAST TO AGE 103

3% chance of outliving super

#### Michelle

Three career breaks and no extra contributions



LAST TO AGE 100

11% chance of outliving super

#### Sarah

Three career breaks & \$1,500 p.a. salary sacrifice contributions



LAST TO AGE 104

2% chance of outliving super

*In today's dollars calculated using the Mercy Super Retirement Planner available at [mercysuper.com.au](https://mercysuper.com.au). Assumptions used: retirement age 67, \$44,000 p.a. drawdown from income account after retirement. Growth investment strategy with 7.0%/8.1% p.a. pre/post retirement return, percentage fee 0.25% p.a., insurance and administration fees \$520 p.a., wage growth 3.5% p.a., career breaks (where applicable) for 12 months at ages 33, 37 and 40.*



Why not think about adding a little more to your super and make a difference to your retirement? Check out our Super contributions optimiser at [mercysuper.com.au](https://mercysuper.com.au) and see how it could work for you.



## After-tax (non-concessional) contributions

You can also make personal contributions to your super from your after-tax salary. These contributions are not subject to the 15% super contributions tax as you've already paid income tax on this money.

You can deposit a lump sum into your super, for example your tax refund or an inheritance. You can also make regular after-tax contributions to your Super account.

For after-tax (non-concessional) contributions, there are limits to the amount you can contribute if you're under 65:

- \$100,000 per year, or
- \$300,000 over three years.

If your total super balance (all your accounts) is \$1.6 million or more, you cannot make after-tax contributions.

### Claiming a tax deduction on your personal contributions

If you're under age 67, or between 67 and 74 and satisfy the work test, you may be able to claim a tax deduction for any personal contributions you make to your super. When you claim these contributions as a tax deduction, they will be treated in the same way as before-tax contributions – taxed at 15% and subject to the \$25,000 limit including any employer contributions.

If you're going to claim your after-tax contributions as a tax deduction, you'll need to complete a *Claiming or varying a deduction for personal super contributions* form. You'll need to wait until you receive acknowledgement from us of your intention to claim a tax deduction before completing your tax return.

### Government co-contribution

The Government co-contribution is designed to help low and middle income earners boost their super. For the 2020/21 financial year, if you earn less than \$39,837 p.a. and make after-tax contributions of up to \$1,000 in a financial year, the Government will contribute 50 cents for every dollar up to a maximum of \$500. The co-contribution decreases by 3.333 cents for each dollar of your total income over \$39,837 p.a. and cuts out at \$54,837 p.a.

You don't need to do anything to claim the co-contribution. If you're eligible and have lodged an income tax return, your co-contribution amount will be deposited into your account the following financial year.

### Low Income Super Tax Offset Contribution

The Low Income Super Tax Offset (LISTO) Contribution is a government super payment of up to \$500 to help low income earners save for retirement. If you earn \$37,000 or less a year, you may be eligible to receive a LISTO contribution directly into your super.

The LISTO contribution is 15% of the before-tax super contributions you or your employer pays into Mercy Super up to the maximum of \$500 for a financial year.

You don't need to do anything to receive a LISTO contribution. If you lodge an income tax return the ATO will pay your LISTO contribution into your Mercy Super account when it receives information from us about your contributions.

To be eligible for a LISTO contribution, you'll need to provide us with your Tax File Number.

### How to make personal super contributions to your Super account

Mercy Super offers two flexible ways to make extra contributions to your Super account:

<b>Payroll deduction and salary sacrifice</b>	Simply complete the <i>Contribution variation advice</i> form, available from our website or by calling us.  We'll pass on your instructions to your employer to implement.
<b>BPAY</b>	You and your spouse can make contributions directly to your Mercy Super accounts from your bank account. Mercy Super's BPAY Biller Code is 344440.  Go to Member Online or contact us for your reference number.

### Downsizing contributions

If you are aged 65 or over, you may be eligible to contribute the proceeds from the sale of your Australian family home if you've owned your home for at least 10 years. This one-off contribution must be made within 90 days of receiving the proceeds of a sale (usually the settlement date) and is limited to \$300,000 per person (\$600,000 per couple). These contributions do not count towards the non-concessional contributions cap and are not subject to the age restrictions and work test rules that apply to other voluntary contributions.

To make a Downsizing contribution, you will need to provide a completed *ATO Downsizer contribution into superannuation* form along with your contribution. You can download this form and more information from the ATO's website [ato.gov.au/super](https://ato.gov.au/super).

## Super and your spouse

The spouse or partner of Mercy Super members can open their own account. As a member, your spouse will enjoy all the same benefits as other Mercy Super members, including the option to apply for our comprehensive insurance cover.

All they need to do is complete the *Spouse application* form and we'll take care of the rest.

### Spouse contributions

In addition to eligible before-tax and after-tax contributions that can be made into your spouse's account (for example from their employer or your spouse directly), you can also make contributions into your spouse's account.

You can make contributions to your spouse's super from your after-tax salary to help them top up their retirement savings.

Contributions to your spouse's account can be accepted if, at the time the contributions are made:

- your spouse is under 67, or
- your spouse is between 67 and 74 and has worked at least 40 hours in a period of not more than 30 consecutive days in the current financial year.

If you make contributions to your spouse's account and they are a low-income or non-working spouse, you may qualify for a tax offset of up to 18% of up to \$3,000 in contributions. The maximum offset for a year of income is \$540.

Your spouse can also make personal contributions to their Mercy Super account.

### Contributions splitting

Contributions splitting allows you to transfer eligible contributions from your own super account to an account in the name of your spouse.

Contributions splitting may be of use for:

- People intending to retire before age 60
- Couples with significant age differences
- Couples wishing to rebalance their super accounts

You can split up to the lesser of:

- 85% of the before-tax contributions you made in the past financial year, and
- your before-tax (concessional) contributions limit for that year.

To find out more, read the *Splitting super contributions* fact sheet available at [mercysuper.com.au](http://mercysuper.com.au)

A spouse generally includes:

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



Don't forget, contributions you make to your spouse's account will count towards your after-tax (non-concessional) contribution cap. Make sure you don't exceed your cap!



# 3. Accessing your super

Super is a long-term investment designed to support you financially when you retire. Because of this, there are strict rules about when you can access your super and you'll need to meet a condition of release.

Under these preservation rules your benefit may consist of preserved and non-preserved amounts which have different conditions applying to when they can be accessed.

There are two main ways you can access your super:

- 1. Reaching preservation age and satisfying a condition of release, or
- 2. Other limited circumstances (strict criteria apply)

## 1. Reaching preservation age

All contributions made to your super since 1 July 1999, including investment earnings, are preserved. Generally, you can't access preserved amounts until you meet at least one of the following conditions of release:

- You permanently retire from the workforce or commence a Mercy Super Income account on or after your preservation age (which depends on when you were born) as follows:

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

- You leave the service of your current employer after you reach age 60, or
- You reach age 65.

Just because you are able to access your super, doesn't mean you need to take it as a lump sum amount. You can leave your money in Mercy Super until you need it and continue to enjoy all the benefits of membership for which you are eligible. You can also transfer your super into a Mercy Super Income account where you can enjoy the benefit of regular, tax-effective income.

For those who have reached preservation age and are still working, you may be eligible to open a Pre-Retirement Income account. With this type of Income account, you can either reduce your work hours and top-up your take home pay or boost your super savings in the years before you retire.

And when you're ready to fully retire, we offer a Post-Retirement Income account, where you can enjoy regular income while also having the flexibility to take lump sums as you need.

Contact us to find out more about Mercy Super Income accounts, and we'll help to make sure you get the most out of your super.

## Non-preserved amounts

Your account may also include restricted non-preserved amounts. Access to these benefits is restricted in the same way as preserved benefits. However, if you cease working for an employer that contributed to Mercy Super on your behalf, these amounts may become unrestricted non-preserved amounts and become accessible.

Any unrestricted non-preserved amounts may be accessed at any time without a change in employment status.

## 2. Other limited circumstances when you can access your super

You (or your dependants) may be able to access your super before reaching preservation age in the event you:

- become permanently incapacitated
- suffer from a terminal medical condition
- die (your dependants)
- terminate employment and your preserved amount is \$200 or less
- meet the criteria and receive Government approval for the release of some of your super on compassionate grounds
- meet the criteria and receive Trustee approval for the release of some of your super due to severe financial hardship, or
- permanently depart Australia after being a temporary resident.

Government legislation sets out a maximum amount per year that can be paid if you qualify for payment under severe financial hardship or compassionate reasons. The Australian Taxation Office (ATO) must approve the release of benefits on compassionate grounds.

### Terminating employment with less than \$200

If you change employers and your account balance is less than \$200 you may be able to access your super. To apply for the release of your benefit you need to send a completed *Payment Instructions* form which is available at [mercysuper.com.au/information-hub](https://www.mercysuper.com.au/information-hub) or by contacting us.

### Compassionate grounds

You may qualify to access part of your benefits on compassionate grounds if you need to cover expenses for you or your dependents resulting from:

- severe ill health
- palliative care
- death, or
- funeral.

A benefit may also be paid to enable you to make loan repayments on your principal place of residence when failure to make the payments would result in foreclosure of the loan.

Decisions on payments made on compassionate grounds are made by the ATO in agreement with the Fund's Trustee.

### Financial hardship

If you experience financial hardship you may be able to access your super if you meet certain criteria set by the Department of Human Services or the Department of Veterans' Affairs. To be eligible, you must be unable to meet reasonable and immediate family living expenses.

You can apply for one payment of up to \$10,000 in a 12 month period if you have been receiving Commonwealth income support payments for a period of more than 26 continuous weeks (39 weeks if you have reached your preservation age) and you are still receiving those benefits when you make your application for payment.

Depending on your individual circumstances, benefits paid under financial hardship provisions may be subject to tax.

### Unclaimed money

If your super becomes 'unclaimed money' as defined in legislation your account may be transferred to the ATO where it is held on your behalf until you claim it. This includes if you:

- are a temporary resident and have not claimed your benefit within six months of leaving Australia
- have reached age 65 and have not provided any instructions about your benefit and we have not been able to contact you for five years
- have an inactive low balance amount (which generally applies when your account balance is less than \$6,000 with no insurance cover and within the last 16 months, there have been no contributions or rollovers allocated to your account, you haven't changed your investment options or insurance cover, or made/amended a binding death benefit nomination)

You can find out more about unclaimed money at [ato.gov.au/super](https://ato.gov.au/super)

### Temporary residents departing Australia

If you have worked in Australia as a temporary resident and you leave the country, you may be eligible to claim the super benefit you have accumulated while working here, less any tax. The payment is called a Departing Australia Superannuation Payment (DASP).

A DASP can be claimed if:

- you visit Australia on an eligible temporary resident visa, and
- your visa ceases to be in effect (if it has expired or been cancelled), and
- you leave Australia.

If you are a temporary resident and you permanently leave Australia you have six months to claim your benefit. If you do not claim it within this time it will be transferred to the ATO as unclaimed money. If that happens, you will need to contact the ATO to claim it.

You can find out more about the eligibility requirements and claiming a DASP at [ato.gov.au/super](https://ato.gov.au/super)



### Need to know your eligibility?

You can contact the ATO or visit [ato.gov.au](https://ato.gov.au) to check your eligibility to access your super under particular circumstances, including on compassionate grounds, terminal medical conditions, financial hardship and for temporary residents.



## Terminal medical conditions

If you are diagnosed with a terminal medical condition you may access your super benefit tax free if you satisfy the following conditions of release:

- Two registered medical practitioners have certified jointly or separately that you have suffered from an illness or injury that is likely to result in your death within 24 months of the date of certification
- At least one of the registered medical practitioners must be a specialist practising in an area related to the illness or injury, and
- For each of the certificates, the certification period has not expired.

## First Home Super Saver Scheme

The First Home Super Saver Scheme allows you in certain circumstances to withdraw voluntary contributions made to super after 1 July 2017 for a first home deposit. This includes voluntary before-tax (salary sacrifice) and after-tax contributions.

Up to \$15,000 of voluntary contributions made in a financial year will count towards the amount that can be released. The maximum amount that can be released is \$30,000, plus the associated deemed earnings amount.

Any before-tax contributions and earnings withdrawn will be taxed at the individual's marginal tax rate, less a 30% offset. After-tax contributions will not be taxed again.

This scheme is administered by the ATO and you can find out more at [ato.gov.au/super](https://ato.gov.au/super)

## Family law and your super

Super entitlements form part of the property of a relationship under family law legislation. This means that, if your relationship with your spouse (including de facto) breaks down, your super entitlements may be split with your spouse either by agreement or court order, and your spouse may receive some or all of your super entitlements.

In these circumstances your spouse may request information about your super entitlements and we are legally obliged to respond to the request.



## 4. Fees and other costs



### DID YOU KNOW?

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

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

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

Your employer may be able to negotiate to pay lower administration fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

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

The text above is a Government prescribed Consumer Advisory Warning. All Mercy Super members enjoy the same competitive fees.

### Fees and other costs

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your account, from the returns on your investment, or from the assets of Mercy Super as a whole.

Other fees, such as activity fees, advice fees for personal advice, and insurance fees, may also be charged, but these will depend on the nature of the activity, advice, or insurance chosen by you. Entry fees and exit fees cannot be charged.

Taxes, insurance fees, and other costs are set out in another part of this document.

You should read all the information about fees and other costs because it is important to understand their impact on your investment. The fees and other costs for each MySuper product and investment option are set on the following pages.

### Mercy Super's fees and costs

Type of fee	Amount	How and when paid
<b>Investment fee<sup>1</sup></b> (estimated)	MySuper Balanced 0.840% p.a. Growth 0.887% p.a. Conservative 0.777% p.a. Stable 0.588% p.a. Socially Responsible 1.334% p.a. Australian Shares 0.493% p.a. International Shares 0.624% p.a. Cash 0.113% p.a.	Deducted from investment earnings before unit prices are determined. It is not a direct charge to your account. The investment fees are indicative only, based on the latest information available. The fees and costs for subsequent years will vary depending on the actual fees and costs incurred by the Trustee in managing the investment option.
<b>Administration fee<sup>1</sup></b>	0.25% p.a. of account balance (subject to a cap of \$600 per year)	Deducted from your account monthly
<b>Buy-sell spread</b>	Nil	Not applicable
<b>Switching fee</b>	Nil	Not applicable
<b>Exit fee</b>	Nil	Not applicable
<b>Advice fees relating to all members investing in a particular MySuper product or investment option</b>	Nil	See Activity fees on page 12
<b>Other fees and costs</b>	Activity fees may apply	
<b>Indirect cost ratio<sup>1</sup></b>	Nil	Not applicable

<sup>1</sup> If your account balance is less than \$6,000 at the end of the financial year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

### Example of fees for Mercy Super's investment options

The table below shows you how the fees and costs for our Super account investment options can affect your super investment over a one year period. You can use this table to compare our super products with other super products.



Example – Mercy Super investment options		Balance of \$50,000
Investment fees		For every \$50,000 you have in an investment option, investment fees will be deducted each year depending on the investment option you choose as follows:
	MySuper Balanced	0.840% p.a. \$420.00
	Growth	0.887% p.a. \$443.50
	Conservative	0.777% p.a. \$388.50
	Stable	0.588% p.a. \$294.00
	Socially Responsible	1.334% p.a. \$667.00
	Australian Shares	0.493% p.a. \$246.50
	International Shares	0.624% p.a. \$312.00
	Cash	0.113% p.a. \$ 56.50
Plus Administration fees	0.25% p.a. of your account balance (subject to a cap of \$600 per year)	And you will be charged \$125 in administration fees each year
Plus Indirect costs for the investment options	0%	Nil
Equals Cost of product		If your balance was \$50,000, then for that year you would be charged the following fees depending on the investment option you choose as follows:
	MySuper Balanced	\$545.00
	Growth	\$568.50
	Conservative	\$513.50
	Stable	\$419.00
	Socially Responsible	\$792.00
	Australian Shares	\$371.50
	International Shares	\$437.00
	Cash	\$181.50

## Additional explanation of fees and costs

In addition to the administration fees charged directly to your Super account, Mercy Super incurs a number of other costs as part of providing benefits to members. The most significant of these are investment related costs which vary depending on the complexity of the underlying investment. Most of Mercy Super's investments are within pooled investment products managed by external professional investment managers appointed by the Fund. These investment products are known as 'interposed vehicles' because they sit between the Fund and the physical investment assets (such as shares, cash or real property).

### Investment fee

The investment fee includes the costs that are paid in relation to the management of investments. For example, this includes amounts paid to our investment service providers (such as investment managers and the custodian) and amounts paid for investment transaction costs. These amounts are paid from the assets of each investment option before we calculate unit prices, and are not deducted directly from your account.

The benefits of any expenses included within the investment fees that are tax deductible are indirectly passed on to members through the net investment earnings allocated to member accounts.

### Indirect cost ratio (ICR)

The ICR includes investment costs that are incurred indirectly within our investment options. If applicable, these amounts are paid from the assets of each investment option before we calculate unit prices, and are not deducted directly from your account.

### Transactional and operational costs

The Fund may incur transactional and operational costs, such as brokerage, settlement costs, clearing costs, stamp duty and buy-sell charges on underlying investment vehicles including when the investments of the Fund are bought or sold (including when members enter and exit the Fund). Mercy Super does not charge a separate buy-sell spread to entering and exiting members to recover these amounts.

Transactional and operational costs are an additional cost but are not deducted directly from member account balances and are instead taken into account in unit prices. All transactional and operational costs are included in the Investment fee of each investment option and will vary from year to year. Estimated transactional and operational costs, based on information provided by underlying investment managers for the year ending 30 June 2020 are reflected in (and recovered through) the unit price of the underlying fund managers or gross earnings the Fund receives from non-unitised investments.

The estimated transactional and operational costs, based on information provided by underlying investment managers for the year ending 30 June 2020, for each investment option are:

MySuper Balanced	0.159%
Growth	0.164%
Conservative	0.139%
Stable	0.100%
Socially Responsible	0.327%
Australian Shares	0.120%
International Shares	0.089%
Cash	0.006%

The transactional and operational costs included within the Investment fee for investment options may change from time to time because of changes in indirect costs from year to year.

### Buy-sell spreads

Buy-sell spreads are fees to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity. Mercy Super currently does not charge any buy-sell spreads.

Along with all other estimated transactional and operational costs, any buy-sell spreads incurred by Mercy Super in the management of the Fund's assets (if any) are reflected in (and recovered through) the unit price of underlying fund managers or gross earnings the Fund receives from non-unitised investments.

### How performance fees work

Some of the Fund's investment managers receive performance-based fees. Performance fees apply only when the investment manager outperforms their target return. A target return is set as a percentage in excess of an index or other suitable benchmark above which a performance fee is payable.

Where a manager outperforms, the higher returns are reflected in the net earnings rate credited to members' accounts. The investment fee shown in the tables on page 10 and 11 include a performance fee component of each investment option shown below. These have been derived from realised historical performance fees and are not a reliable indicator of future performance fees.

MySuper Balanced	0.002%
Growth	0.004%
Conservative	0.003%
Stable	0.000%
Socially Responsible	0.001%
Australian Shares	0.000%
International Shares	0.000%
Cash	0.000%

### Borrowing costs

Some of Mercy Super's investment options use underlying investment vehicles (interposed vehicles) that may incur borrowing costs when purchasing assets for that investment vehicle, as follows:

MySuper Balanced	0.073%
Growth	0.076%
Conservative	0.073%
Stable	0.049%
Socially Responsible	0.043%
Australian Shares	0.000%
International Shares	0.000%
Cash	0.000%

### Insurance cover and associated fees

You may be provided with our standard cover package that includes Death and Disability insurance (if eligible), without the need to provide medical evidence\* if, after commencing with a core participating employer<sup>#</sup>, you join Mercy Super when you're first eligible and:

- you choose to opt-in for insurance within the eligibility period; or
- you later meet the age and account balance eligibility conditions (over age 25 and the balance in your Mercy Super account is \$6,000 or more).

The standard cover package provides either salary-based or unit-based cover. Salary-based cover depends on whether salary details are provided to Mercy Super by your core participating employer<sup>#</sup>.

Insurance premiums for your standard cover package will be deducted from your account until you notify Mercy Super in writing that you wish to decline or cancel your standard cover or your account becomes inactive. We offer flexible insurance cover options for your needs.

For more information about insurance premiums and the insurance cover we offer, read the *Insurance in your super* guide available at [mercysuper.com.au](http://mercysuper.com.au).

*\*Subject to assessment and acceptance by Mercy Super's insurer if not joining or opting-in when first eligible. Spouse members and members not employed by a core participating employer<sup>#</sup> are not eligible for automatic insurance cover and need to apply for any cover which is subject to assessment and acceptance by Mercy Super's insurer.*

*<sup>#</sup>Mercy Super's core participating employers as defined in the insurance policies. This generally includes Mater, Mercy Partners, some other Sisters of Mercy employers and Queensland Health. Contact us for specific details.*

### Activity fees

If you use Mercy Super's in-house financial advisers for personal advice about your super, the cost of this advice may be deducted from your account. This will be agreed between you and your financial adviser and detailed in the Statement of Advice provided to you.

## Taxation

Mercy Super is able to claim a tax deduction for certain expenses and insurance premiums. The benefit of these deductions may be used to offset general expenses or insurance premiums as determined by the Trustee.

For more information on how your Super account is taxed, see page 14.

## Additions or alterations to fees

The Trustee may change or introduce new fees at its discretion. You will be given at least 30 days' notice in writing before any increase is introduced.

## Defined fees

Superannuation law defines the fees that Funds are allowed to charge. These definitions are listed below. Mercy Super may not charge all these type of fees.

### Activity fees

A fee is an activity fee if:

- (a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
  - (i) that is engaged in at the request, or with the consent, of a member; or
  - (ii) that relates to a member and is required by law;
- and
- (b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

### Administration fees

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

- (a) borrowing costs;
- (b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
- (c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

### Advice fees

A fee is an advice fee if:

- (a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
  - (i) a trustee of the entity; or
  - (ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- (b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

### Buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity. Mercy Super does not charge a separate buy-sell spread.

### Exit fees

An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity. Mercy Super does not charge an exit fee.

### Indirect cost ratio

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

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

### Insurance fees

An insurance fee is a fee if:

- (a) the fee relates directly to either or both of the following:
  - (i) insurance premiums paid by the trustee, or the trustees, of a superannuation entity in relation to a member or members of the entity;
  - (ii) costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the provision of insurance for a member or members of the entity; and
- (b) the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and
- (c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an advice fee.

### Investment fees

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

- (a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- (b) costs that relate to the investment of assets of the entity other than:
  - (i) borrowing costs;
  - (ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
  - (iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

### Switching fees

A switching fee is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one class of beneficial interest in the entity to another. Mercy Super does not charge a switching fee.

## 5. How super is taxed

Super is generally taxed at a lower rate than most other investments, but tax may be applied:

- when contributions are made
- on investment earnings
- if you access your benefit before retirement at age 60.

Tax is usually payable:



**When you make contributions<sup>1</sup>**

15%

Your employer contributions (including SG) and any salary sacrifice amounts are taxed at 15% when credited to your account.



**On your investment earnings**

15%

Investment earnings for super accounts are taxed at up to 15% before they're credited to your account.



**If you withdraw a benefit before age 60**

22%<sup>2</sup>

Withdrawals from your super before age 60 (once you have met a condition of release) are taxed at up to 22% on the taxable component. Any applicable tax will be deducted and paid directly to the ATO.



**If you withdraw a benefit after age 60**

0%

Generally, withdrawals from super after age 60 (once you have met a condition of release), transfers between funds and benefits paid on death<sup>3</sup> are tax free.

*Tax in super can be complicated. You should consider obtaining financial advice tailored to your own circumstances before making any decision relating to tax in your super*

<sup>1</sup> Before-tax contributions may have tax benefits as the contributions tax you pay will generally be less than your marginal tax rate. If you're earning less than \$250,000 per year, your super contributions are taxed at 15%. If you're a high income earner (more than \$250,000 per year), you'll pay 30% contributions tax.

<sup>2</sup> If you're over your preservation age and under age 60, the first \$215,000 (for the 2020/21 year) is tax free, the balance is taxed at 17%.

<sup>3</sup> Death benefits paid to a non-dependant may attract tax.



### Watch your contribution caps

It pays to make sure you don't exceed the contribution limits for your super.

If you exceed your before-tax (concessional) contributions cap of \$25,000 per year, the ATO will issue you with a notice of excess concessional contributions. You can choose to have the ATO issue a Release Authority to your super fund for up to 85% of the excess concessional contributions amount. If you don't withdraw the excess contributions, the excess will count towards your non-concessional contributions limit.

If you exceed your after-tax (non-concessional) cap (\$100,000 per year), the ATO will issue you a notice of excess non-concessional contributions. You can choose to have the ATO issue a Release Authority to your super fund for the excess non-concessional contributions amount. Any excess non-concessional contributions that you choose to leave within your super account may be taxed twice.

When it comes to tax, there are two parts to your super:

## 1. Tax-free

Your tax-free component is generally made up of the after-tax (non-concessional) contributions you have made plus any crystallised tax-free amounts at 30 June 2007.

If your super is released due to permanent incapacity and you are under age 65, the tax-free component will be increased. There is no tax payable on the tax-free component of your super.

## 2. Taxable

Your taxable component is your total super benefit amount less the tax-free component. The rate of tax you will pay on the taxable component of your super depends on the type of payment as follows:

### Retirement payments

There are different tax rates for lump sum payments depending on your age and the amount (see the table below). There is no tax on payments on retirement after age 60.

#### Tax on taxable component of retirement lump sum payment

Less than preservation age	Preservation age – 59 years	60 years and over
20% + Medicare levy*	Tax-free on the first \$215,000# Balance taxed at 15% plus Medicare levy*	Tax-free

\*The Medicare levy is currently 2%.

#These thresholds are for the 2019/20 financial year and are indexed by the Australian Taxation Office.

### Departing Australia Superannuation Payments (DASP)

If you're a temporary resident who has departed Australia, a tax rate of up to 65% will be applied to any taxed or untaxed element of a taxable component of your benefit. The actual tax rate that applies is dependent on the class of visa held. Full details can be obtained by contacting the ATO or by going to [ato.gov.au](http://ato.gov.au).

### Terminal illness payments

If your super is released due to terminal illness, there is no tax on payments.

### Death benefit payments

Tax on death benefits depends on whether the benefit is paid to a dependant or a non-dependant.^ The taxable component of a death benefit may include an untaxed element where the proceeds of death insurance have been paid into the account.

^ A dependant for tax purposes is defined as a spouse, a child less than age 18, any other person with whom you have an interdependency relationship, or any other person who is dependent. Unless they meet this criteria, your nominated beneficiaries may not be classified as dependants for tax purposes.

### Tax for high income earners

A high income earner is someone who has a taxable annual income of \$250,000 (inclusive of reportable fringe benefits, salary sacrifice superannuation contributions and total net investment losses). High income earners will pay 30% tax on some or all of their before-tax super contributions. The Fund will deduct 15% contributions tax and the Australian Taxation Office will issue a personal assessment to the member for the additional 15%.

### Total and permanent disability payments

If you are paid a total and permanent disability benefit no tax is payable on any part of the benefit that qualifies as an invalidity payment.



Find out more

When it comes to tax planning and super there's a lot to consider. For up-to-date information on the taxation of super, contact the ATO or visit [ato.gov.au](http://ato.gov.au). You can also seek advice from one of our in-house financial advisers.

## Contact us

<b>IN PERSON</b>	Potter Building, Ground Floor, Mater South Brisbane Campus, South Brisbane QLD
<b>MAIL</b>	PO Box 8334, Woolloongabba QLD 4102
<b>PHONE</b>	1300 368 891 or 07 3163 8880
<b>FAX</b>	07 3163 2421
<b>EMAIL</b>	information@mercysuper.com.au
<b>WEB</b>	mercysuper.com.au

The information in this document may change from time to time. Changes that are not materially adverse may be updated on Mercy Super's website [mercysuper.com.au](http://mercysuper.com.au). A copy of any updated information can be obtained on request free of charge at any time by contacting the Fund on **1300 368 891** or **07 3163 8880**

