Energy Super Defined Benefit Guide

Issued: 30 November 2023

This guide is for members with a Brighter Super Energy Super Defined Benefit account and contains important information on how your Defined Benefit account works.

Brighter Super respects the privacy of your personal information. You can find out how we use and protect your personal details by getting a copy of our *Privacy Policy* from our website at **brightersuper.com.au** or call us on **1800 444 396** and we will send you a paper copy.

PLEASE NOTE: This product is a closed product, including to existing holders of Brighter Super products. The information contained in this guide is for members holding an existing Brighter Super Energy Super Defined Benefit account. This guide will not be updated in future and is available for information purposes only. If you have any questions about your existing holding, please contact Brighter Super on **1800 444 396**.

SUPERANNUATION **INVESTMENT** **ADVICE** **INSURANCE**

This document has been prepared and issued by LGIAsuper Trustee (ABN 94 085 088 484 AFS Licence No. 230511) (Trustee) as trustee for LGIAsuper (ABN 23 053 121 564) (Fund), trading as Brighter Super. In this document, Brighter Super may refer to the Trustee or LGIAsuper as the case may be.

Brighter SUPER

right by your side

right by your side

Brighter SUPER

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Contact Brighter Super on **1800 444 396** or visit our website at brightersuper.com.au if you would like any further information.

This Guide describes the main features of the Energy Super Defined Benefit (DB) account with the Fund which has been closed to new members since 2001. Its purpose is to help you understand the benefits and conditions of the membership. It refers to membership on or after 1 July 1995. If your membership existed prior to that date, the benefits payable to you may be subject to different terms and conditions than those described in this Guide. You should contact the Fund if you think this applies to you.

Let's Grow!

For over 50 years we've helped members plan and enjoy a comfortable retirement by delivering trusted advice and industry-leading performance that is consistently reliable.

From solid, long-term investment performance to good governance and a unique understanding of the needs of local communities, there are many reasons why Brighter Super members choose us to look after their financial future.

As a member with an Energy Super Defined Benefit account you have access to:

A defined benefit

Calculated as a multiple of final average salary (FAS).

An accumulation account

Made up of any extra contributions and money transferred into Brighter Super from other funds. This amount fluctuates with investment earnings, which may be positive or negative.

Compulsory member contributions

You are required to contribute 5% standard contributions (or 5.88% if you choose to salary sacrifice). Your employer must make the contributions necessary to fund your defined benefit.

Insurance

We offer insurance solutions to protect the financial future of you and your family. Some of your benefits are supported by Death and Total and Permanent Disablement (TPD) insurance that covers you 24 hours a day, 7 days a week and may continue after you leave your employment. Income Protection cover is also provided automatically.

Trusted, reliable service

Brighter Super is committed to giving you trusted, reliable service you can count on. When you phone or visit us you speak to someone who cares about you and understands super.

Information

Come to our free seminars, read our regular newsletter, or see the wide range of publications on our website. Register for Member Online and you can view your account balance and update your details whenever you wish.

Financial advice

Our trusted and reliable team can show you how to make your super work harder and give you information to help you actively make informed decisions on a range of topics while you're working and when you stop. You can also meet with an authorised representative for more comprehensive personal advice.

Personal contributions

We can accept personal contributions if you want to add to your accumulation benefit.

Flexible pension products

Brighter Super offers a Transition to Retirement Pension account (some restrictions apply) and if you're retired you can access our Pension account. See our *Pension accounts Product Disclosure Statement (PDS)* for details.

How a Defined Benefit account works

As a member with a Defined Benefit account, your employer's contributions, your standard member contributions and investment earnings are pooled with those of other members with Defined Benefit accounts. Benefits are paid from this common pool as and when required.

Your benefits are defined by a formula and are generally not subject to fluctuations in investment returns.

Your employer contributes the amount determined by Brighter Super's Actuary as necessary to fund the defined benefit component of all members of the Defined Benefit scheme. All benefits are subject to a legislated minimum requisite benefit or any other minimum benefit that may apply.

Brighter Super does not keep a separate account for these contributions for each member. We invest the assets of the pool and the employers bear the investment risk through the contribution rates determined by the Actuary.

Accumulation accounts

As a Defined Benefit member you can make voluntary member contributions in addition to your compulsory member contributions. Any voluntary contributions, voluntary salary sacrifice contributions or other super you transfer to Brighter Super will go into an accumulation account. See *Contributing to your super* on page 4 for more details.

Amounts in your accumulation accounts are paid in addition to your defined benefit.

For more information please refer to the *Investment choice guide* at **brightersuper.com.au/PDS**

Contributing to your super

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

Your Defined benefit is a calculated benefit generally related to your membership period and your superannuation salary. Your Defined benefit account generally grows as it is partly based on your salary multiplied by your membership period. It may also be influenced by the compulsory contributions made by you and fluctuations in the Defined benefit investment pool returns.

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

Please note: only voluntary contributions made through your employer can be invested in the Smoothed Return and Capital Guarantee options. Unless you have selected otherwise, voluntary contributions and rollovers into your accumulation account will be invested in the MySuper option.

Employer contributions

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

Compulsory member contributions

You are required to contribute 5% of your salary in standard member contributions toward your defined benefit. The contributions can be made from after-tax pay, or if your employer agrees, by salary sacrifice. See *Salary sacrifice* in this section for more information.

Personal Contributions

Personal contributions are extra amounts that add to your accumulation account and grow if there are positive investment returns. They do not form part of your defined benefit.

For more information, refer to our *Accumulation account Product Disclosure Statement (PDS)* available at **brightersuper.com.au** or by calling us on **1800 444 396**.

Salary sacrifice

Salary sacrificing contributions is where your employer agrees to pay a certain amount of money into your super from your before-tax pay instead of paying that amount to you as salary. You can salary sacrifice your standard member contributions and/or extra contributions if your employer allows it.

Because your super contributions are taken from your before-tax salary you will not have to pay income tax on them. And if you're paying less income tax then you could receive an increase in your take home pay.

Salary sacrifice contributions are still subject to the 15% contributions tax (subject to contributions caps, see page 5, and higher income earners, see page 13) and are deducted at the time of contribution.

If you choose to salary sacrifice your standard member contribution, it increases from 5% to 5.88% so that a full 5% is left to fund your defined benefit after the deduction of the 15% contributions tax.

Salary sacrificed amounts are not eligible to receive the super co-contribution from the Australian Government. So, if you are eligible, you have the option to do a combination of salary sacrifice and after-tax personal contributions.

Super co-contributions

The super co-contribution is an incentive offered by the Australian Government to encourage you to save for retirement.

Here's how it works.

The government will contribute up to 50 cents for each $1 you contribute to super, if you are employed and your total income is less than the limit set each year. The 5% standard member contribution may be eligible for the co-contribution if paid from your after-tax salary.

Salary sacrificed contributions or personal contributions for which you claim a tax deduction do not attract the co-contribution.

For more information on this government incentive, including current limits, refer to the *Super support for low and middle-income earners info sheet* from our website or call us. You can also find out more from the Australian Taxation Office website at **ato.gov.au**.

Spouse contributions

You can contribute to Brighter Super on behalf of your partner or have your partner contribute to your account, so long as you are living together and the receiving spouse is under age 67 (in some cases up to age 75).

For more information, refer to our *Accumulation account Product Disclosure Statement (PDS)* available at **brightersuper.com.au** or by calling us on **1800 444 396.**

Contribution splitting

Any additional salary sacrifice contributions made to your accumulation account can be split with your spouse. You can do this once a year for contributions made in the previous financial year.

You are unable to split the employer contribution or the standard member contribution as these go toward your defined benefit. For more information get a copy of our *Super for your partner info sheet*.

Transfers from other super funds

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

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

Superannuation Guarantee Contributions (SGC)

All Defined Benefits are compared against the SGC. Please see page 7 for information on Minimum Requisite Benefit. The SG rates for each financial year are shown in the table below.

Financial year	SG Rate
2020/21	9.50%
2021/22	10%
2022/23	10.5%
2023/24	11%
2024/25	11.5%
2025/26	12%

Contribution caps

There are limits on amounts that you and your employer can contribute to super each year.

Concessional (before-tax) contributions

The cap on concessional contributions (including employer contributions, any salary sacrifice contributions and personal contributions for which you claim a deduction) is $27,500 for the 2023/24 financial year. Contributions up to this limit are taxed at 15%, while amounts above it are taxed at your marginal tax rate (including the Medicare levy).

Non-concessional (after-tax) contributions

The amount of non-concessional contributions (including 5% standard contributions, not salary sacrificed and personal contributions for which you don't claim a deduction) you can pay into super is capped at $110,000 for the 2023/24 financial year. If you are under age 74 you can make larger payments of up to $330,000 by using your cap for up to 3 years.

For the 2023/24 financial year, the amount of the non-concessional contributions cap you can bring forward is either:

- ✓ three times the annual non-concessional contributions cap over three years (that is, $330,000) if your total super balance on 30 June of the previous financial year is less than $1.68 million
- ✓ two times the annual cap over two years (that is, $220,000) if your total super balance on 30 June of the previous financial year is above $1.68 million and less than $1.79 million
- ✓ nil ($0) if your total super balance is $1.9 million or above.

What is a notional taxed contribution?

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

How are notional taxed contributions calculated?

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

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

Table 1

<table>
<tr><td colspan="2">For Energy Super Defined Benefit accounts, the calculation of notional taxed contributions is as follows:
1.2 x [(NER x S x D/365) – M]
Where:</td><td rowspan="6">Please note: This is the basic formula to estimate your notional taxed contributions to be counted towards your concessional contributions cap. There are other implications if you are a DB member who:
• works part-time;
• changes benefit category during the year; or
• receives a benefit augmentation during the year (this could be any other superannuation benefit increase provided by your employer).</td></tr>
<tr><td>1.2</td><td>Is a factor provided by the Government.</td></tr>
<tr><td>NER</td><td>Is the New Entrant Rate for each employer, worked out by an actuary, and includes compulsory member contributions.</td></tr>
<tr><td>S</td><td>Is your annual superannuation salary fixed on 1 July of each new financial year.</td></tr>
<tr><td>D</td><td>Is the number of days in the current year that you are a DB member of the Fund.</td></tr>
<tr><td>M</td><td>Is the 5% (after-tax) non-concessional contributions made in the year (if any).</td></tr>
<tr><td colspan="2">The NER for Brighter Super employers:</td><td rowspan="4">Special rules apply for these members. Please contact the Fund if you believe any of these may apply to your situation.</td></tr>
<tr><td>Employer</td><td>NER</td></tr>
<tr><td>NRG Gladstone</td><td>12%</td></tr>
<tr><td>All other Brighter Super employers</td><td>11%</td></tr>
</table>

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

Example

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

How do I work out my total concessional contributions for the year?

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

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

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

(1) Joan's notional contribution

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

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

Notional contribution =

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

PLUS

(2) Joan's additional salary sacrifice contributions

1 July to 31 December

Salary sacrifice contributions

$$= 20\% \times \frac{\$100{,}000}{2^*} = \$10{,}000$$

1 January to 30 June

Salary sacrifice contributions

$$= 20\% \times \frac{\$120{,}000}{2^*} = \$12{,}000$$

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

Joan's total concessional contributions (1) + (2)

= $35,200

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

Example

Joan's concessional contributions cap is $27,500 for 2023/24. This means she has exceeded her cap by $7,700 ($35,200 - $27,500) which will be included in her assessable income with a 15% tax offset and taxed at her marginal tax rate. She will also pay the excess concessional contributions charge and, if she does not pay on time, possibly a general interest charge.

What are the special conditions for DB members whose notional contribution alone will put them above the concessional contribution caps?

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

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

How is the ATO advised about my notional taxed contributions?

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

How will I be notified if I exceed the cap?

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

Refund of excess concessional contributions

If you exceed either of your contributions caps, your excess contributions may be subject to much higher tax. It is your responsibility to monitor and control your super contributions each year.

If you exceed your cap you can elect to withdraw your excess contributions from super. The ATO will contact you to explain your options. If you are likely to exceed the cap you should talk to us on **1800 444 396** or seek advice from a financial adviser.

The benefit you receive is determined in accordance with a formula contained in the Fund's Trust Deed. The formula used to calculate your benefit depends on the circumstances under which you leave your employer.

Retirement (ages 55 - 70)

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

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

Subject to:

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

MBM = Your membership period in years (or part thereof) x 19.5%[2]

FAS = The average of your superannuation salary[3] over the last one year (or two years for some members) of membership.

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

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

Example

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

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

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

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

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

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

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

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

Your MBM stops growing at age 70.[4] When you reach age 70[4] your account will be moved from the defined benefit section to an accumulation account. Your benefit will be invested in the Cash investment option effective the day you turn 70[4] until you make an investment choice. For more information, refer to Leaving the Energy Super Defined Benefit section on page 16.

Superannuation Salary

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

Minimum requisite benefit

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

Retrenchment or leaving your employer due to serious ill health

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

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

The benefit is calculated as:

MBM x FAS x FACTOR

Subject to:

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

MBM = Your membership period in years (or part thereof) x 19.5%[2]

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

[1]Your member account consists of your compulsory contributions and investment returns less tax deductions. This account is invested in the DB investment pool
[2]Some members may have a different accumulation rate to the standard 19.5%.
[3]Your employer will advise the Fund of the salary that is to be used in accordance with the terms of the Trust Deed and relevant Government legislation.
[4]Age 65 for employees of NRG Gladstone Operating Services.

FACTOR = see table below.

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

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

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

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

Resignation before retirement

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

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

Example

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

Therefore, his MBM at the date of leaving is:

20 years x 0.195 (19.5%) = 3.90.

At age 45, Barry's factor according to the factors table is 0.80.

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

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

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

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

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

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

Other factors affecting benefits

Superannuation contributions surcharge

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

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

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

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

Family Law

If you have a family law split, the amount payable to the receiving partner is withdrawn from your Accumulation account first and any remaining split is offset against your DB and will accumulate with interest based on the Three Year Average unit price, as a Family Law Offset. See page 10 for further information. This means that the Family Law Offset amount will increase or decrease each year depending on the earning history of the defined benefit pool.

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

Part-time work or reduced salary

If you are approaching retirement and wish to adopt a phased retirement approach whereby you may change to part-time work, or switch to another role with your current employer at a reduced salary, your defined benefit will most likely be a different amount compared to your projected outcome if you had continued to work at full capacity until you retire.

If you take leave without pay

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

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

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

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

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

How we invest your money

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

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

Defined Benefit Investment Pool

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

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

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

Objectives

This option aims to:

- provide similar investment returns as the Conservative Balanced investment option; and
- achieve returns (after tax and other costs) over rolling 10 periods of 2.5% above CPI[1]

Risk

Your employer bears the investment risk.

Strategy

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

How the Defined Benefit Unit Price is calculated

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

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

Insurance in your super

Suffering an illness or injury can be worrying enough, but have you thought about the added financial stress you or your family could suffer if the illness or injury prevented you from working? With Brighter Super, Death and Total and Permanent Disablement insurance that covers you 24 hours a day, 7 days a week, is automatically built into your defined benefit.

Temporary Disablement Benefit

A Temporary Disablement benefit[1] is available (paid as a fortnightly benefit) if:

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

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

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

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

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

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

If you exit the Energy Super Defined Benefit at any time and stay in Brighter Super, you can access the full range of Income Protection insurance cover that is offered to accumulation members (see the Leaving the Energy Super Defined Benefit section on page 16 for more details).

Income Protection to age 65

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

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

Death Benefit

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

The Benefit is calculated as follows.

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

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

Subject to:

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

MBM = your Membership Period (if you had worked to age 60) x 19.5%[2]

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

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

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

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

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

[1]Members employed by NRG Gladstone Operating Services are not eligible for Temporary Disablement cover.
[2]Some members may have a different accumulation rate to the standard 19.5%.

Example

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

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

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

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

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

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

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

Total and Permanent Disablement (TPD) Benefits

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

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

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

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

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

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

Your defined benefit account with the Fund includes a Death or TPD benefit cover until you are 60 years of age. This benefit cover will also cease 60 days after you leave your defined benefit. If your Death & TPD cover is not enough for your circumstances, i.e. you need additional insurance cover, you can apply for more Death & TPD cover. You have to pay for this insurance and it is subject to the insurer's underwriting (medical assessment) conditions. Additional Death & TPD cover is available until age 70.

For more information about Brighter Super Death & TPD insurance offer and how much it costs, you can download the *Insurance Guide- Energy Industry* available from **brightersuper.com.au**.

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

If you are leaving the Energy Super Defined Benefit and become a accumulation member, you may have options to take up a certain level of insurance cover without being subject to underwriting conditions. See more about your options in the Leaving the Energy Super Defined Benefit section on page 16.

What happens to your defined benefit if you die?

If you die, your superannuation and any insurance payable can help support your dependants. There are rules set out in the Fund's Trust Deed and in Australian Government legislation that allow us to pay death benefits.

Who you can nominate

You can nominate the following people as beneficiaries:

- Your spouse — married, de facto or same-sex partner.
- Your children — including step-children, adopted children, mature-age children or the child of a spouse.
- Someone in an interdependent relationship with you (someone who lives with you and shares a close personal relationship where one or both of you provide financial and domestic support, and personal care of the other).
- Your legal personal representative (i.e. Executor of your Will or the administrator of your Estate).
- Financial dependants (such as someone who relies on you financially).

Different conditions apply for reversionary beneficiary nominations.

How super is taxed

Although super is subject to tax on earnings and some contributions, it remains the most tax-effective way to save for your retirement.

To avoid paying more tax than you need to though, you should make sure:

- you and your employer do not exceed the concessional (before-tax) cap or non-concessional (after-tax) cap on contributions. Amounts above the cap are taxed at much higher rates. Read the *Contribution caps* section on page 5 for more information.
- you or your employer provide your tax file number (TFN) to Brighter Super. Without your TFN, Brighter Super is required to tax deductible contributions at the top marginal tax rate of 47% including the Medicare levy. You could claim this extra tax back by providing your TFN to Brighter Super within 4 years, but it's best to make sure we have your TFN in the first place. In addition, without your TFN we are unable to accept non-concessional (after-tax) contributions.

Claiming a tax deduction for superannuation contributions

You can generally claim a tax deduction for personal after-tax contributions you make. However, if you have a Defined Benefit account you will not be able to claim a tax deduction on your compulsory member contributions made from your after-tax salary.

We recommend you seek taxation and financial advice before making a decision. Please contact your financial adviser to discuss however, if you do not have an adviser and would like to obtain financial advice, please call us on 1800 444 396.

Contributions tax

All money paid into your super for which a tax deduction is claimed is taxed at 15%. This is known as the contributions tax and also applies to contributions you make from your before-tax pay (salary sacrifice) or personal contributions for which you claim a deduction. The contributions tax is deducted directly from your Brighter Super account. If you do not give us your tax file number your contributions will be taxed at the top marginal rate of 47% including the Medicare levy. Excess concessional contributions will be taxed at your marginal tax rate plus an interest charge. You can read more on page 5.

The money you put into your super from your after-tax earnings for which you do not claim a deduction does not incur the contributions tax. Additional tax will not apply as long as you do not exceed the non-concessional contribution cap.

Higher income earners and concessional contributions

If your total income is more than $250,000, an additional 15% tax on concessional contributions applies. Income is defined in a similar way to that for Medicare levy surcharge purposes. If your income is below the $250,000 threshold before your concessional contributions, but your concessional contributions push you over the threshold, the 15% tax will only apply to the contributions above the threshold.

Investment earnings tax

The money put into your super account is invested. Income from investment returns is taxed at 15%. However, the effective tax rate may be lower because of allowable deductions, tax credits and offsets. The investment earnings you receive are the amount after the deduction of tax on investment income.

Tax on lump sum withdrawals

Any lump sum you withdraw from Brighter Super is generally made up of two components — tax-free and taxable. Withdrawals will be drawn proportionally from each component.

Tax-free

The tax-free component is always tax-free and includes any pre-July 1983 component at 30 June 2007 and all after-tax contributions paid in after 1 July 2007, such as:

- super co-contribution
- spouse contributions received
- personal contributions for which no tax deduction has been claimed
- any tax-free components of money transferred from other super funds to Brighter Super
- any tax-free components of eligible termination payments transferred to Brighter Super
- any amounts that are tax-free as a result of Total and Permanent Disability or Terminal Illness
- capital gains tax tax-exempt contributions (lifetime limit).

Taxable

The rest of your money is called the taxable component, and generally grows with:

- employer and salary sacrifice contributions
- personal contributions for which a tax deduction has been claimed
- investment earnings.

Your taxable component is taxed as follows, depending on your age when you make a withdrawal. To find out your preservation age, see *Accessing your super* on page 15.

Your age	Taxable component
Under preservation age	Taxed at 22% including the Medicare levy.
Reached preservation age but below 60	First $235,000 tax-free (2023/24). Amounts above taxed at 17% including the Medicare levy.
60 plus	Tax-free.

Tax on disability or terminal illness

If you suffer a Total and Permanent Disability before the age of 60, an additional portion of your benefit will become tax-free.

If you become terminally ill, your full benefit will be tax-free.

Tax on death benefits

Death benefits are tax-free if paid to a dependant as defined by the ATO. Your spouse (married or de facto), child under the age of 18 years (including step-children and adopted children), anyone who is financially dependent on you at the time you die and those in an interdependent relationship are considered dependants for tax purposes. If your Death benefit is paid to anyone else, the taxable component will be taxed at 17% including the Medicare levy and any untaxed component taxed at 32% including the Medicare levy.

Accessing your super

As superannuation is designed specifically to fund your retirement, there are restrictions on when you can access your money.

Retirement

You can access your super as a lump sum, pension or combination of these methods when you permanently retire after reaching your preservation age. Your preservation age is set by the Australian Government and is based on your date of birth.

What is my preservation age?

DATE OF BIRTH	PRESERVATION AGE
Before July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From July 1964 onwards	60

Transition to retirement

Did you know you can access your superannuation as a regular income stream (but not as a lump sum) when you reach your preservation age, even if you are still working? Brighter Super offers a Transition to Retirement Pension account for members wanting to take advantage of the transition to retirement provisions. Special conditions apply for members of the Defined Benefit account. Contact us for more information or get a copy of our *Pension accounts Product Disclosure Statement (PDS)*.

Other limited circumstances

There are only a few situations where you can access your preserved superannuation before retirement. These are:

- death
- terminal illness
- total and permanent disability
- temporary residents permanently leaving Australia (excluding NZ residents)
- severe financial hardship, as defined by the Australian Government
- compassionate grounds, approved by Services Australia.

If you think any of these situations apply to you, contact Brighter Super for further information on accessing your super.

Non-preserved benefits

Some super contributions and investment earnings made before 1 July 1999 may be accessible before your preservation age. These amounts will be shown on your annual benefit statement as unrestricted non-preserved amounts that can be accessed now, or as restricted non-preserved amounts that can be accessed when you leave your employer.

If you choose to leave unrestricted non-preserved money with Brighter Super, or transfer some unrestricted money to Brighter Super from another super fund, it will always be accessible. However, if you choose to withdraw non-preserved money from your defined benefit (conditions apply), you will be required to close your defined benefit and transfer your remaining balance to an Accumulation account.

Leaving the Energy Super Defined Benefit

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

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

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

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

Continue your insurance cover

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

Commencing or increasing your insurance

If you transfer to an accumulation account, you can apply any time for Death, TPD or Standard Income Protection cover up to age 70.

More information about insurance available to accumulation members can be found in the *Insurance Guide - Energy Industry* available at **brightersuper.com.au/PDS**

Enquiries, concerns and complaints

Brighter Super is passionate about providing the trusted and reliable service you want. We do our best to look after your wellbeing with individual attention, personal advice and quick responses to your needs.

How do I get my questions answered?

Whatever your question, we can answer it. Simply visit our website at **brightersuper.com.au**, call us on **1800 444 396** or email **info@brightersuper.com.au**.

Our enquiries procedure

Note: Where 'member' is mentioned it includes a former member and/or a beneficiary who is not a member of Brighter Super.

Definition of enquiry

Request for information concerning a person's membership of the fund.

When a Brighter Super member makes an enquiry, the following action is taken:	
Verbal enquiry A verbal enquiry (telephone or face-to-face) will be answered immediately where possible. If further research is needed to answer your query, you will be contacted with a response by close of business the following day. In that case, an interim response will be given in the time frame outlined above, with an indication of when full details will be available.	**Written enquiry** A written enquiry will generally be answered within 2 business days from the date of receipt. If no answer is possible within this time, an interim response will be provided.

What do I do if I have a concern or complaint?

If you have a concern or if we do something you are unhappy about, we want you to tell us straight away so we can resolve the matter quickly.

Our complaints process

We hope you are happy with Brighter Super and the service we provide. If you are unhappy we have a complaints handling process. Contact details for our Complaints officer are:

Email	complaints@brightersuper.com.au
Phone	**1800 444 396**
Post	Complaints Officer Brighter Super GPO Box 264 Brisbane Qld 4001

If you believe our internal complaints process has not satisfactorily resolved your complaint, you can contact the Australian Financial Complaints Authority (AFCA). This is an independent body set up by the Australian Government to help members resolve certain types of complaints with fund trustees.

To find out whether AFCA is able to handle a complaint you can contact them on the details below.

Post	Australian Financial Complaints Authority GPO Box 3 MELBOURNE VIC 3001
Website	www.afca.org.au
Email	info@afca.org.au
Phone	1800 931 678

You can find out more on our procedures by downloading a copy of our *Enquiries, concerns and complaints info sheet* from our website or call us and we can post a free copy to you.

Privacy

Brighter Super respects the privacy of your personal information. You can find out how we use and protect your personal details by getting a copy of our *Privacy policy* from our website at **brightersuper.com.au**, or call us on **1800 444 396** and we will send you a paper copy.

right by your side

Level 20, 333 Ann Street Brisbane Qld 4000 GPO Box 264 Brisbane Qld 4001
Telephone: **1800 444 396** From overseas +61 7 3244 4300 Fax 07 3244 4344
info@brightersuper.com.au brightersuper.com.au

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