

Message from the CEO

I'm pleased to announce that we delivered strong returns for members in the 2016/17 financial year. Our Balanced option, in which most pension members' funds are invested, achieved **a double-digit return of 11.35%**. We clearly outperformed the retail fund median of 9.11%*.

While strong returns in any one year are a positive result, it's important to remember that returns can fluctuate from year to year. That's why we're focused on providing you the best retirement outcome over the long term.

Our aim is always to put our members first. So over the past year, we've worked hard to enhance our digital platforms, including our refreshed mobile app.

You can now log in to the app using a four-digit PIN, making it easier than ever to access your account, view your transactions and track investment performance. If you haven't downloaded it yet, simply search for 'LUCRF' in your app store.

If you have any questions, our friendly in-house contact centre staff are always here to help.



Charlie Donnelly
Chief Executive Officer

We've outperformed retail funds. Again.

Our default Balanced option has outperformed the retail fund median over the last 10 years.

	16/17 financial year	Rolling 3-year period	Rolling 5-year period	Rolling 7-year period	Rolling 10-year period
LUCRF Pensions (Balanced)	11.35%	7.71%	10.66%	9.48%	5.15%
Retail fund median	9.11%	7.01%	10.12%	8.39%	4.26%

As Australia's first industry super fund, we're run only to benefit members, so we're proud of our history of strong returns.

Source: SRP50 Balanced (60-76) Index, SuperRatings Pension Fund Crediting Rate Survey, June 2017.

Note: past performance is not a reliable indicator of future performance

Our insurance premiums are going down

Good news! From 1 October 2017, the cost of insurance will decrease.

Example

The cost for each unit of Fixed Premium insurance will drop from \$3 to \$2.55 per week for Death & Total and Permanent Disablement cover, and from \$1.50 to \$1.28 for Death Only cover. Fixed Premium insurance is where your premium is set at a fixed cost which stays the same while your total insured amount reduces as you grow older.

For details, please refer to our Insurance Guide at lucrf.com.au from 1 October 2017.

Did you know?

Any insurance you had with your LUCRF Super accumulation account automatically carries over to your LUCRF Pension account and will continue until you turn 70.

If you have any questions about your insurance, call us on **1300 130 780**.



Changes to fees and charges

We're changing the way our fees and charges are structured to provide greater transparency.

Our administration fee of \$1.50 per week remains the same (and hasn't changed since November 2012). From 1 October 2017, you'll also be charged a percentage-based administration fee of 0.22% per annum. This will be calculated on your average daily account balance and deducted from your account on a monthly basis.

It's important to note that **this fee is not a new fee**; it was previously deducted as part of our investment fee structure. This means our investment fees (which cover the costs of managing our investment options) have dropped, as outlined in the following table.

Investment option	Current investment fee	Investment fee from 1 Oct 2017
Pre-mixed options		
Balanced (default)	0.69%	0.32%
High Growth	0.75%	0.35%
Targeted Return	0.77%	0.18%
Moderate	0.58%	0.25%
Conservative	0.48%	0.20%
Asset class options		
Australian Shares	0.67%	0.35%
International Shares	0.85%	0.42%
Indexed Shares	0.28%	0.18%
Property	0.28%	0.27%
Cash	0.28%	0.10%

Note: these fees are deducted from the fund's investments earnings before they're credited to your account.

Indirect cost ratio

New government regulations are being introduced that will require all super funds to disclose indirect costs (known as the 'indirect cost ratio' or 'ICR') that relate to the costs of managing investments, such as transaction costs. While these costs have always been incurred, we're now making them clearer. **Importantly, they do not change our net investment returns.**

The ICR is not a fee and is not deducted directly from your account balance. Instead, it represents indirect costs incurred by us and our investment managers in generating the fund's investment earnings.

From 30 September 2017, we'll be disclosing an ICR, which will vary depending on which investment option(s) you've chosen. The ICR needs to be calculated based on the costs incurred in the previous financial year and will likely change each year. We're currently calculating the ICR for each investment option for the 2016/17 financial year. When ready, these figures will be available on our website and in our publications, including our Investments Guide.

Activity fees

Activity fees are prescribed fees set down by superannuation legislation to cover the costs of providing a particular service, such as paying a benefit. From time to time, we review these fees to ensure that you pay no more than the costs we incur to provide these particular services.

Activity fee type	Current fee	Fee from 1 Oct 2017
Rollover to another fund	\$25	\$20
Severe hardship	\$50	\$50
Compassionate grounds	\$55	\$60
Death/TPD	\$130	\$170
Terminal illness	\$25	\$20
Family law split fee*	\$120	\$136
Family law enquiry fee	\$26.40	\$33

All fee calculations are inclusive of GST.

*This figure is split evenly between the two parties.

Note: these fees are deducted directly from your account balance.

We're continually working hard to deliver strong long-term returns and excellent service at minimal cost to you. If you have any questions about our fees and charges, call us on 1300 130 780.

Our Privacy Policy and Information Collection Statement have changed

We recently announced the introduction of e-statements and our new-look mobile app. We'll continue to increase our use of digital communications, marketing campaigns and analysis to provide products and services that best suit your needs. To incorporate this, and other changes, we've updated our Privacy Policy and Information Collection Statement. You'll find them at lucrf.com.au.

1300 130 780
lucrf.com.au



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