

IMPORTANT INFORMATION ABOUT OUR NEW TRUSTEE FEE

April 2022

In response to legislative changes and supported by judicial advice from the Supreme Court of NSW, the Trustee for Active Super, LGSS Pty Limited (Trustee) amended the Fund's Trust Deed on 14 December 2021.

Why was the Trust Deed amended?

Recent changes to section 56 of the *Superannuation Industry (Supervision) Act 1993* (SIS Act), mean that super funds are no longer able to pay any future Commonwealth penalties, infringement notices or liabilities from fund assets.

This means that super fund trustees must have access to alternative sources of capital to meet any future penalties or fines if they arise.

The Trustee has consulted with groups representing our members and their employers, as well as the NSW Treasury, and also sought judicial advice from the Supreme Court of New South Wales regarding this issue.

On 14 December 2021, the court handed down its decision stating that an amendment to the Trust Deed for Active Super was justified, allowing a new Trustee Fee to be charged in order to build up funds for the Capital Reserve. The Active Super Trust Deed was amended as a result.

At this time, the Trustee has not levied the fee to Active Super members' accounts, either as a new fee or as an increase in existing fees.

What does this mean for you?

Active Super does not have a substantial reserve built up because profits are not delivered to either the Trustee or its shareholders. Profits have always been returned to members.

Instead of simply charging members a new fee to build up reserves, in line with its ongoing focus on looking after members' best financial interests, the Trustee has made the decision to fund some of the Capital Reserve from the Fund's existing general reserves (which are held for costs of legislation changes and development). This Capital Reserve will only be used to meet future liabilities that the Trustee is no longer allowed to pay from the assets of the Fund.

No new or increased fees are being charged directly to members at this point. However, there may be a requirement to charge this fee at a later date. Be assured we will notify you

no later than 30 days prior to the introduction of a new fee, or any increase in an existing fee.

How much does the Trustee need to raise?

The Trustee must have access to capital to meet any Commonwealth fines or penalties in order to remain financially viable.

While the Trustee is allowed to accrue up to 0.08% of the total assets of the Fund as Trustee Capital, they recognise that it is not in the best financial interests of the Fund's members to retain a large reserve of assets outside of the Fund. Therefore, the Trustee is investigating other avenues to minimise the amount of the fee entitlement needed to secure the financial stability of our operations.

We're here to help

If you have any questions, please feel free to email us at hello@activesuper.com.au, use the webchat window at activesuper.com.au or call us on 1300 547 873 weekdays between 8.30am and 6.30pm.

Yours sincerely



Phil Stockwell
Chief Executive Officer

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