

Annual Report  
**2010/2011**



**lesf**

LAW EMPLOYEES SUPERANNUATION FUND



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*The Law Employees Superannuation Fund (LESF) is administered by Australian Administration Services Pty Limited (AAS). Please note that AAS is an authorised representative of Pacific Custodians Pty Ltd who holds Australian Financial Services Licence (AFSL) 295142 and is authorised to provide general financial product advice on superannuation products. L.E.S.F Pty Ltd RSE license number L0001342. LESF Fund Registration number R1005448.*



## Message from the Chairman

I am pleased to present to members this Trustees Annual Report for the financial year ending 30 June 2011. Despite uncertainty and turmoil in world financial markets and great uncertainty in the Australian share & Property markets, LESF returned a very good result of 11.09% for the Balanced option, the option chosen by over 88% of our members, and representing 90% of our investment. The Fund offers 3 investment options and the results for the year were very satisfactory, as tabled below:

Balanced	Equities	Cash
11.09%	7.90%	4.09%

Your Directors believe the two most important aspects of superannuation savings are first to have your money invested safely, and secondly to invest to get the best return possible, consistent with your appetite for risk shown by your investment choice. This years results satisfy both these objectives. None of us know what the future holds for turbulent financial markets but we get the best advice we can and constantly focus on safety and returns. Most of our members choose the Balanced option, and the combination of regular savings and satisfactory returns results in the average active members balance increasing over the financial year from \$24,956 to \$30,013 (20.27% increase).

The Federal Government continues to keep superannuation under review, and there are a great number of discussion points in circulation presently and under review. Your Directors are seeking advice on what is in the best interests of you the members. We regard the member's interests as paramount, and whilst remaining focused on the important things (safety & returns), we are preparing to change if government policy dictates.

The remainder of the year will be busy with tenders for insurance products and improvements to online access so that costs and convenience can be optimised.

I would like to thank my fellow Directors for their dedication, and thank our Administrators, Auditors, Financial Advisers and Investment Managers and all our other advisers for their continued support of the Fund.



**Peter J Short, Chairman**

## The Board

The Trustee of The Law Employees Superannuation Fund is LESF Pty Ltd (ABN 56 059 795 998), which is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence. The Trustee is responsible for managing the Fund, and ensures it operates in the best interests of all members and continues to comply with all legal requirements. LESF Pty Ltd has a Board of Directors comprising equal numbers of employer and member representatives. In September 2010 Ms Lynda Mulgrew resigned as a Member Director of the Board. The Directors in their capacity of Trustees have filled Ms Mulgrew's position with a casual vacancy by Mr Michael Meadows.

The representatives on the Board are:

### Member representatives

Ms Jennifer Waldon (Secretary)  
Mr Michael Meadows

### Employer representatives

Mr Peter Short (Chairman)  
Mr Glenn Ferguson

### Election of Member Directors

A nomination for an election of a Member Director shall take place upon the earlier of one of the following events:

- A Member Director is removed from office in accordance with the procedure established by the Trustee or Articles of Association of an eligible company;
- If a person resigns their office as a Member Director by notice in writing to the Trustee;
- If a person is disqualified from holding office by operation of the relevant law or is removed or suspended from office by the Commissioner; or
- If a person dies or becomes in the opinion of the board of directors mentally or physically incapacitated to such an extent that the director is unable to fulfill the role of a director.

### Election of Employer Directors

In the event of a vacancy of an Employer Director on the board, the employer-sponsoring organisation will nominate a replacement director. Should you require any further information on these rules of election, please contact LESF on 1800 359 686.

## LESF Online

For information on LESF and all your membership details with the Fund, please visit our website at [www.lesf.com.au](http://www.lesf.com.au) and see how we've improved access to the site so that you can access your superannuation account details even easier.

If you don't already use our secure online facility, MemberAccess, please call LESF on 1800 359 686 to register and receive a password.

MemberAccess enables you to keep track of your superannuation online, including your account balance, investments, and contribution history. In order to provide you with important information about your super we need you to keep us informed of your current address and contact details, so registering for MemberAccess will allow you to update your personal details online at your convenience.

The LESF website contains a wealth of important information and members and employers are encouraged to refer to the site for superannuation updates on proposed government legislation changes and industry news.

### LESF online also allows you to:

- Check you have provided LESF your Tax File Number (TFN)  
If we don't have your TFN, we are required to deduct an additional 31.5% tax from any employer contributions made to your account since 1 July 2007. We will also have to refund any personal contributions you may have made since this date and the ATO may not pay any co-contributions that you may have previously been entitled to. Please check your enclosed membership statement or access your account online, at [www.lesf.com.au](http://www.lesf.com.au) to check that we have your TFN.
- Update your personal details online, such as a new address or telephone number
- Confirm your beneficiaries are correct
- Review your investment options and receive up-to-the-minute quotes
- Download all LESF publications and forms
- Send emails to LESF

### BPAY

Did you know that you can make member contributions into your account via the BPAY facility. This allows you the flexibility to make payments from your bank account via the telephone or internet banking facilities. Payments can be made from a range of bank accounts maintained with any participating financial institution. LESF has its own biller code for identification and you have your own reference number for correct allocation of funds to your account. Members who bank with a participating BPAY institution can contact their bank, credit union or building society and register to use the BPAY facility. You can make a payment via telephone or internet, using available funds from your savings or cheque accounts and you can access your details via MemberAccess. Your individual BPAY details can be found on the front page of your membership statement.

## Accessing Your Super

Your preserved benefits can be claimed when you:

- Reach preservation age and retire permanently from the workforce (see table below);
- Reach age 60 and cease your current employment;
- Reach age 65;
- Die;
- Become totally and permanently disabled;
- Qualify for severe financial hardship, or on compassionate grounds as set out in government regulations (limits apply);
- Are a temporary resident with an eligible temporary resident visa, who has permanently departed Australia;
- Leave your current employment and your benefit is less than \$200;
- Have a terminal medical condition.

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 can apply to withdraw any unrestricted non-preserved amount at any time. Non-preserved amounts will generally include personal contributions made before 1 July 1999 and any non-preserved amounts transferred from other funds.*

*However, investment earnings on these amounts after 1 July 1999 will be subject to preservation. Your annual statement will tell you whether you have any non-preserved amounts.*

### Ceasing Employment

If you cease employment with an employer participating in LESF, the benefit payable will be your account balance. However, preservation requirements may apply to all or part of your benefit. When you cease service, the following options are available:

- Your benefit can remain with LESF where it will continue to receive investment earnings at the full Fund earning rate and be subject to \$1.00 per week management fee.
- You may transfer your benefit to another approved superannuation arrangement.
- You may be able to claim any part of your benefit that is unrestricted non-preserved as a cash benefit.

## Financial Hardship

If you have been out of work and receiving Centrelink benefits for a period of more than 26 continuous weeks (or for a cumulative period of 39 weeks if you have reached preservation age), you may be able to access some of your LESF superannuation under the grounds of severe financial hardship. To be eligible to claim under these grounds, LESF requires a Q230 letter from Centrelink (proof that you have been on a Centrelink benefit), copies of outstanding debts that you have owing and a completed LESF benefit payment form. Please note that members under the age of 55 years and 39 weeks can only make one claim of not more than \$10,000 as a financial hardship benefit in any 12-month period. There is no maximum once over this age. To obtain a financial hardship benefit payment form, please contact LESF on Freecall 1800 359 686. Remember LESF is flexible with claims and allows you to take part payments (as long as your account balance remains at \$1,000), so you can still leave monies invested in LESF for your retirement.

## Compassionate Grounds

If the Australian Prudential Regulation Authority (APRA) and the Trustee agree, a benefit may be paid to offset expenses you have incurred (on behalf of either yourself or a dependant) due to severe ill health, palliative care, death or burial. A benefit may also be paid to enable you to make loan repayments on your principal place of residence where failure to make the payments would result in foreclosure of the loan. You will need to contact APRA on 1300 13 10 60 if you fit into one or more of the above criteria and wish to make a compassionate grounds claim.

## Interim Earning Rate

If your benefit is paid out during the financial year, an interim earning rate will be applied. The Trustee, using a method similar to that used to determine the end of year earning rate determines this rate. This takes into account the performance of LESF's investment returns and other running costs. The interim earning rate is reviewed on a regular basis and can be changed at any time during the year. Under Member Investment Choice, your account will be applied with an interim earning rate whenever you switch investment options and will be capitalised in your account as at 30 June or upon exit from the Fund.

## Combine your super

If you have super in more than one superannuation fund, and you want to roll it into LESF, all you have to do is fill out the details on the Transfer form, included with your annual report pack. Send your completed form back to LESF and we will follow up your previous superannuation funds (you will need to complete a separate form for each fund, so if you need more than one, call LESF on Freecall 1800 359 686, where our customer service centre will send you as many transfer forms as you need). Alternatively, you can download one from the LESF website.

Please check with your previous fund for any exit fees that may be payable and any other benefits you may be entitled to such as insurance. Then, instead of paying numerous management fees, you will just pay \$1.00 per week, with LESF. The Trustee of LESF strongly recommends that you seek financial advice from a registered financial adviser before you make any decision regarding your super. Government legislation requires strict proof of identity requirements to transfer superannuation benefits from one fund to another.

## Lost Super

If you lose track of your superannuation entitlement from a former superannuation fund, you should get in touch with your former employer's superannuation fund. If they no longer hold your superannuation, they may have transferred it to an Eligible Rollover Fund (ERF) and should be able to provide you with details. However, if your former fund or employer cannot help, you can either call the Lost Member Register on 13 10 20 (the register is a free service, which is run by the Australian Taxation Office (ATO) and specialises in tracking down lost superannuation monies) or log onto [www.ato.gov.au](http://www.ato.gov.au) (you will need to provide your tax file number for this service). The ATO may write to you to let you know they have found some of your lost super. If you receive one of these letters, simply call the fund where the monies are still held and ask for your details such as membership number and account balance. If you wish to roll these monies over to LESF, please contact us. To ensure you don't lose touch with LESF, please keep us informed if you change address by calling us on 1800 359 686 or by updating your details online.

## Fees

All amounts debited from your account in the year to 30 June 2011 are shown on your membership statement. GST payable on costs and charges is an expense of the Fund and is deducted from earnings before the Fund earning rates are calculated

Administration Fee	\$1.00 per week (deducted monthly)
Establishment Fee	Nil
Contribution Fee on personal contributions	Nil
Withdrawal fee	\$26.00 per benefit
Family Law benefit splitting fee member and recipient	\$26.00 per spouse
Investment switching fee	First switch each financial year is free. Subsequent switches are \$25.00

## Investment Fees

All superannuation funds incur investment fees to cover the costs of investing and managing investments for their members. LESF does not profit from investment fees. The investment earnings allocated to your account is net of investment fees.

## Charges

The Trustee may change the fees, conditions, and benefits of your superannuation at any time. We will inform you of any changes in each year's annual report, or at least 30 days prior notice will be given to you for any increase to fees or charges, before the changes are made. The annual report is not a legal document. It sets out the main features of LESF as at the end of the relevant year. The Trust Deed is the legal document governing the Fund.

## Contributions Tax

Employer contributions (net of administration charges and insurance premiums) and non-concessional contributions for which you claim a tax deduction are taxed at 15%. This is deducted from your account at the end of each relevant month. Higher tax rates may apply if you do not provide LESF with your Tax File Number (TFN).

## Member Benefit Protection

LESF protects small accounts from being eroded by administration fees. If your account balance is less than \$1,000 at 30 June each year (or at the time you leave the Fund) your administration fees cannot be higher than your investment earnings for that year. You will receive a rebate on any fees and charges greater than the earnings allocated to your account. However, if LESF's total administration expenses for the year were greater than the total investment earnings for that period, members with an account balance below \$1,000 may be charged a fee up to a maximum of \$10 for that year. Government taxes and insurance premiums (if applicable) will still be deducted.

## Insurance Premiums

The charge deducted for insurance premiums depends on your level of insurance cover (see pages 16-20). Premiums are deducted from your employer's monthly contributions and are paid to the fund's insurer, subject to the policy conditions being met.

## FEATURE ARTICLE

### Insurance through super: An easy way to future security.

Did you know that as a super fund LESF can do a great deal more for you, than just manage your super? We also offer other services such as cost effective insurance cover that you can take advantage of including death, permanent disability and income protection cover.

#### Default cover

As an LESF member you are provided with a basic level of insurance cover. However, the cover we provide may not be sufficient to fully cover your personal, family and financial situation.

A study conducted by the Australian Institute of Superannuation Trustees (AIST) found that one in two industry super funds' members are underinsured by \$100,000 or more and a disturbingly high proportion overestimate the amount of personal insurance they actually have<sup>1</sup>.

The question you should ask yourself is whether the level of cover you have is sufficient to meet your current and future needs.

#### Underinsurance

Most people have insurance to cover their home and car, but often don't have enough insurance to cover themselves or their families, if misfortune was to occur. A study conducted for the Financial Services Council (FSC) found that 60% of Australian families with dependent children do not have enough life insurance cover to look after their family for a year, in the event of their death<sup>2</sup>.

What about your situation? Do you have enough cover in place?

#### Benefits of insurance through super

Insurance cover should be a key consideration in your family's financial plan. It works to protect your wealth and your family's future should the unexpected occur. Having appropriate cover will help you meet your family's financial obligations (e.g. mortgage and loan repayments, education, childcare and cost of living expenses) in the event that you are no longer able to work or provide for them.

Taking out insurance cover through LESF has many advantages which are outlined on the next page.

<sup>1</sup> AIST Media Release, Tuesday 3rd June 2008

<sup>2</sup> IFSA – Rice Walker Fast Facts: A Nation Exposed! Under insurance Key Facts, August 2005.

## Low cost

With existing bills to pay, you may not be eager to take on an extra cost for something you may think will never happen. But the reality is that misfortune happens to people of any age. In fact, one in five families will be impacted by the death of a parent, a serious accident or illness that renders a parent unable to work<sup>3</sup>. This evidence highlights the need for appropriate levels of insurance cover - and it's more affordable than you think.

Obtaining insurance cover through LESF can be very cost effective because we are able to purchase the insurance in bulk and therefore negotiate lower premiums on your behalf, saving you money.

## Tax and other benefits

When your insurance cover is supplied through your super fund, a number of benefits apply. Below is a quick overview:

- Premiums are paid from your super account balance. This means that you don't need to pay them from your take home pay.
- If you choose to increase your super contributions to cover the premium costs you can do so through salary sacrifice (if your employer allows for this), thereby paying the premiums from your pre-tax income.
- Alternatively, you could make personal after-tax contributions to super. In this case you may be eligible for the Government Co-Contribution if you earn \$61,920 or under.
- Death benefit payments are paid to tax dependants tax-free.

The cost of not having adequate insurance far outweighs the cost of insurance.

<sup>3</sup> Australian Institute of Health & Welfare & Australasian Association of Registries, *Cancer in Australia: An Overview*, 2006, Canberra, 2007.

## Steven and Nicole's story

Steven and Nicole were married with two young children. Steven was the primary income earner while Nicole worked part-time. Tragically, Steven was killed in a car accident. During this time, Nicole took two months off work but she had to go back to work in order to meet her living expenses.

On one income, Nicole had to cut back on living expenses and all the luxuries. The children really felt the loss of their father and while she would have liked to have taken them on a holiday for a break, it was not financially possible.

As Steven was only in his 40's when he died, he had only accumulated \$130,000 in super and had \$70,000 in insurance. The lump sum she received from Steven's super and insurance paid \$200,000 off their mortgage and car loan, but it meant she still had to find the money each month to make payments on the remaining \$120,000 mortgage and the family's day-to-day living costs with her part-time wage

Nicole received some help from her family and was eligible for some Government benefits, but in the end she had to sell the family home and move to less expensive housing. The children had to change schools and she had to return to full-time work to manage financially. The children often say to her they miss their dad and their old life. Nicole wished she and Steven had taken out more life insurance and considered their level of cover before it was too late.

## LESF can help

Talking to LESF can help you identify whether you should take out additional insurance cover, providing better security for your family's future.

## Important information

The case study is a hypothetical story based on our understanding of typical customers and is included for illustrative purposes only. The name and identifying features do not reflect any particular person.

The taxation information is of a general nature only and should not be regarded as specific advice. It is based on the continuation of present taxation laws, superannuation laws, rulings and their interpretation as at the issue date of this article. As this advice has been prepared without considering your objectives, financial situation or needs, you should, before acting on the advice, consider its appropriateness to your circumstances.

*CommInsure is a registered business name of The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA). CMLA is a wholly owned but non-guaranteed subsidiary of the Commonwealth Bank of Australia ABN 48 123 123 124.*

*For full details on LESF's insurance please read the following pages.*



## LESF Insurance

Eligible members joining LESF are automatically given 4 units of cover for Death and Total & Permanent Disablement (TPD) insurance cover, at a cost of \$4.00 per week, with the option to reduce to 2 units of cover if this is not required. The price for each unit of cover is \$1.00 per unit per week. This amount may vary depending on your existing level of insurance, if you have applied for increased cover previously. You may take a maximum of 50 units Death cover and 30 units TPD cover (currently limited to \$5million Death and \$3million TPD) at \$1.00 per unit per week for Death and TPD cover. If you do apply for extra insurance cover, you will have to provide health evidence to the Fund's insurer. The level of benefit payable depends on your age next birthday at the date the claim arises according to the table on page 18. Members can transfer in external insurance policies to accumulate on top of their LESF cover by completing a 1 page Insurance Transfer Form and providing a recent member statement. External policies can be either Wholesale or Retail.

### Eligibility

All members of LESF, including part-time and casual employees, are eligible for Death and Total and Permanent Disablement cover and Income Protection insurance cover, regardless of the number of hours worked. You are not eligible for automatic cover on joining LESF if you have been paid a total and permanent disablement benefit from any superannuation fund or insurer, or if you join LESF more than 120 days after you commenced with your LESF employer. If you have previously declined insurance cover with LESF and subsequently request insurance cover on a new membership application form, you will need to apply to the insurer for cover by completing an Application for Insurance form and a Personal Health Statement and Privacy Consent Form. You can apply to the Insurer for cover at any time by completing these forms, which you can obtain by calling the LESF Customer Service Centre on 1800 359 686.

### Commencement of Cover

Your insurance cover will start from the beginning of the period for which the first employer contribution for you is received by LESF, provided your employer's contribution and your personal details are received by LESF within 120 days of commencing employment with your LESF employer.

## Cessation of Cover

Insurance cover ceases on the earliest of the following events:

- When you reach age 70 (next birthday) for Death & TPD; or
- When you reach age 65 (next birthday) for Income Protection Cover; or
- 12 months after the date of your last contribution from an LESF participating employer if your account balance is above \$1,000 for Death & TPD; or
- 7 months after the date of your last contribution from an LESF participating employer if your account balance is below \$1,000, provided there are sufficient funds available to meet the payment of premiums for Death & TPD; or
- 120 days from the end of the month in which the Fund last received a contribution on your behalf for Income Protection Cover; or
- The date a benefit is paid under the insurance policy; or
- If you request in writing to opt out of insurance cover; or
- When your account balance reaches zero or there are insufficient funds available to meet the payment of premiums; or
- When you join the armed forces other than the Australian Armed Forces Reserve; or
- When the policy terminates between the Fund and the insurer.

## Death Benefits

The Trustee has the discretion to decide who will receive your benefit in the event of your death. By completing the 'Change of Member Details' form, you may nominate preferred beneficiaries to receive your benefit. Your current preferred beneficiaries are listed on the front page of your member statement. In the event of your death, the Trustee is obliged to pay your benefit to a dependant, a financial dependant or to your estate, if you have a legal personal representative. This may include your spouse (legal, Defacto or same-sex), children (biological, adopted, step and children of a same-sex relationship), or any other person who is financially dependent on you (including an interdependent person such as a disabled parent). In making its decision, the Trustee will always take your wishes into account. If you have not completed a change of member details form, or if you wish to update your membership details to reflect a change in your circumstances, please contact LESF on 1800 359 686, or download the form from the LESF website. It is important to advise LESF of any changes to your beneficiaries. Events such as marriage, divorce or the birth of a child may affect your nominations. You can update your nomination at any time, by providing written advice to LESF, GPO Box 1424 Brisbane Qld 4001.

## Insurance Scales And Premiums For Death & TPD

Age Next Birthday	Benefit Scale x 1 Unit (\$1.00) per unit per week	(Default) 4 Units (\$4.00 per week)
15 to 32	\$102,000	\$408,000
33	\$98,000	\$392,000
34	\$95,000	\$380,000
35	\$93,000	\$372,000
36	\$90,500	\$362,000
37	\$88,000	\$352,000
38	\$85,500	\$342,000
39	\$83,500	\$328,000
40	\$78,000	\$312,000
41	\$73,000	\$292,000
42	\$71,000	\$284,000
43	\$68,500	\$274,000
44	\$63,500	\$254,000
45	\$61,500	\$246,000
46	\$58,500	\$234,000
47	\$55,000	\$220,000
48	\$51,000	\$204,000
49	\$47,000	\$188,000
50	\$44,000	\$176,000
51	\$40,750	\$163,000
52	\$38,250	\$153,000
53	\$35,000	\$140,000
54	\$32,250	\$129,000
55	\$29,000	\$116,000
56	\$26,250	\$105,000
57	\$24,000	\$96,000
58	\$21,500	\$86,000
59	\$19,000	\$76,000
60	\$16,750	\$67,000
61	\$14,000	\$56,000
62	\$11,500	\$46,000
63	\$8,500	\$34,000
64	\$5,750	\$23,000
65-70	\$3,000	\$12,000

*Maximum number of units you can apply for is 50 units Death and 30 units TPD (currently limited to \$5million Death and \$3million TPD)*

### Income Protection Cover

All new members receive 35 units automatic income protection cover (with availability to opt out if this is not required) to help to provide you with an income during periods of temporary disablement (for up to a maximum of 2 years). Any member who is eligible to join LESF can apply for additional Income Protection cover. Acceptance of additional cover is subject to underwriting and approval by the

Insurer and your cover will commence on the date you receive notification of acceptance from LESF. Maximum cover of \$25,000 per month applies.

### Income Protection Rates and Premiums

LESF Income Protection Rates Annual Premium Rates per \$100 of Monthly Benefit (excluding Stamp Duty).

Waiting Period:	30 Days	30 Days
Payment Period:	2 Years	2 Years
Age Next Birthday	Male	Female
15	\$2.54	\$2.85
16	\$2.54	\$2.85
17	\$2.57	\$2.90
18	\$2.60	\$2.96
19	\$2.64	\$3.05
20	\$2.67	\$3.11
21	\$2.71	\$3.20
22	\$2.75	\$3.31
23	\$2.78	\$3.42
24	\$2.79	\$3.52
25	\$2.81	\$3.57
26	\$2.75	\$3.61
27	\$2.70	\$3.63
28	\$2.66	\$3.65
29	\$2.66	\$3.69
30	\$2.70	\$3.82
31	\$2.75	\$3.98
32	\$2.85	\$4.16
33	\$2.96	\$4.36
34	\$3.07	\$4.59
35	\$3.21	\$4.83
36	\$3.37	\$5.09
37	\$3.56	\$5.39
38	\$3.76	\$5.71
39	\$3.98	\$6.05
40	\$4.22	\$6.41
41	\$4.47	\$6.78
42	\$4.74	\$7.17
43	\$5.03	\$7.55
44	\$5.33	\$7.93
45	\$5.65	\$8.34
46	\$6.01	\$8.81
47	\$6.45	\$9.34
48	\$6.95	\$9.91

Waiting Period:	30 Days	30 Days
Payment Period:	2 Years	2 Years
Age Next Birthday	Male	Female
49	\$7.47	\$10.54
50	\$8.06	\$11.22
51	\$8.73	\$11.94
52	\$9.48	\$12.74
53	\$10.28	\$13.58
54	\$11.17	\$14.48
55	\$12.11	\$15.45
56	\$13.13	\$16.46
57	\$14.22	\$17.56
58	\$15.48	\$18.71
59	\$16.92	\$19.96
60	\$18.54	\$21.31
61	\$20.33	\$22.81
62	\$22.27	\$24.52
63	\$20.02	\$22.06
64	\$16.68	\$18.41
65	\$10.05	\$11.10

*If premiums are paid monthly, the monthly premium is calculated by dividing the annual premium by 12.*

### **An Example of an Income Protection Calculation:**

Following is an example of premium rate calculations for Income Protection cover. The example is based on a Male aged 34 years old with a salary of \$50,000 per annum.

Monthly Salary	= \$4,166.66
Maximum Benefit Allowed at 75%	= \$3,125.00
Number of units required at \$100 per unit (rounded up to the nearest multiple of 5 units)	= 35
Annual premium rate per \$100 for a male aged 34 (age next birthday 35)	= \$3.21
Annual premium rate applicable for	= 35 x \$3.21
This example	= \$112.35

For further information regarding Income Protection, please refer to the LESF Product Disclosure Statement, which can be obtained by calling the LESF Customer Service Centre on 1800 359 686 or visiting our website at [www.lesf.com.au](http://www.lesf.com.au).

## Investments

As with the year ending 30 June 2010, the one year to 30 June 2011 saw positive returns for investors across all asset classes, with the greatest gains made by hedged Global Real Estate Investment Trusts (+29.1%) and hedged International Shares (+26.7%). The Australian share market returned +11.9%. The Australian dollar appreciated strongly against all of the major currencies.

Equity markets started the 2010/2011 financial year in promising fashion, but political upheaval in the Middle-East, the supply-chain disruption caused by the natural disasters in Queensland and Japan, along with sovereign debt issues in Europe and the US ensured equity market returns were muted in the latter half of the year.

### Investment Options

LESF lets you choose how your superannuation balance is invested with three investment options:

- EQUITIES Option
- BALANCED Option (Default Option)
- CASH Option

Each option offers a varying level of risk and potential for growth. If you do not make a choice, LESF will automatically invest your fund in the Balanced Option. Your member statement outlines your current investment selection. It is important you understand the differences between LESF's three investment options before you make an investment choice. If you are not sure what type of investor you are or what is the best option for you, some professional financial advice may help. If you wish to switch to another investment option with LESF or you require further information on Member Investment Choice, please refer to the Member Product Disclosure Statement (PDS). The Trustee of LESF strongly recommends that you seek independent financial advice before making any investment decision. The objectives of the Trustee are to provide each member with the choice of a range of investment strategies, to allow the member's superannuation to grow over the long term, whilst minimising investment risks.

The return expectations contained within the objectives outlined on pages 26-27 are based on advice from the Fund's investment consultant. Fluctuations in inflation and investment markets may, from time to time, cause outcomes different to the returns stated in the objectives.

## Earning Rates

Your account will be applied with investment returns at 30 June each year, which represents the earnings of your investments for the whole year. If you leave the Fund during the year or make an investment switch, your account will be applied with the current interim earning rate when leaving or switching investments. LESF's investment earnings determine the annual net earning rates declared.

The Fund's crediting rates (after tax and investment expenses) for the last five, seven and ten years, including year ended 30 June 2011, are shown in the tables below. These rates are applied to members' accounts as at 30 June each year.

### Balanced Investment Option<sup>#</sup>

Year to 30 June	Crediting rate applied to members accounts %	Inflation (as measured by CPI) %	Growth in excess of CPI %
2011	11.09	3.60	7.49
2010	9.50	3.05	6.45
2009	-10.36	1.46	-11.82
2008	-7.50	4.51	-12.01
2007	15.10	2.07	13.03
2006	14.20	3.98	10.22
2005	14.00	2.49	11.51
2004	7.85	2.48	5.37
2003	2.70	2.69	0.01
2002	-3.40	2.84	-6.24
Five-year compound average annual return	3.03	2.93	0.10
Seven-year compound average annual return	6.08	3.02	3.06
Ten-year compound average annual return	4.92	2.91	2.01

<sup>#</sup> Prior to 1 September 2004 was known as the Composite Investment Option+

## Equities and Cash Investment Options

Year to 30 June	Cash Investment Option % <sup>#</sup>	Equities Investment Option %
2011	4.09	7.90
2010	3.50	8.50
2009	4.89	-17.94
2008	5.38	-14.26
2007	5.19	17.90
2006	5.10	18.30
2005	5.20	13.80
2004	1.70	13.48
2003	14.40	-7.30
2002	4.60	-9.20
Five-year compound average annual return	4.61	-0.58
Seven-year compound average annual return	4.76	3.90
Ten-year compound average annual return	5.36	2.25

*# Prior to 1 September 2004 was known as the Income Investment Option*

## Asset Allocation at 30 June 2011 and 30 June 2010

The allocation of each option across asset classes is shown in the table below.

Asset Class	2011 %
Australian Shares	-
Australian Small Companies	-
Overseas Shares (Unhedged)	-
Overseas Shares (Hedged)	-
Global Small Companies	-
Emerging Markets	-
<b>Total Shares</b>	<b>-</b>
Listed Property	-
Unlisted Property	-
<b>Total Property</b>	<b>-</b>
<b>Total for Shares &amp; Property</b>	<b>-</b>
Australian Fixed Interest	-
Australian Index Linked	-
Overseas Fixed Interest (Hedged)	-
Overseas Fixed Interest (Unhedged)	-
Global Credit	-
<b>Total Fixed Interest</b>	<b>-</b>
Cash	100
Alternatives	-
<b>Total for Cash &amp; Alternatives</b>	<b>100</b>
<b>TOTAL</b>	<b>100</b>

## Significant fund investments

The fund has investments comprising more than 5% of assets invested in the following funds:

- Mercer Super Investment Trust Mercer Growth
- Mercer Super Investment Trust Mercer Shares
- Mercer Super Investment Trust Mercer Cash

Option	Balanced Option		Equities Option	
	2010 %	2011 %	2010 %	2011 %
-	26.8	26.6	50.2	48.60
-	1.0	2.0	1.3	1.2
-	14.1	14.6	32.6	37.5
-	10.5	12.4	8.1	11.3
-	0.4	0.4	0.6	0.7
-	1.7	0.0	7.0	0.0
-	<b>54.4</b>	<b>56.0</b>	<b>99.8</b>	<b>99.3</b>
-	2.8	3.6	-	-
-	4.3	5.1	-	-
-	<b>7.1</b>	<b>8.7</b>	-	-
-	<b>61.5</b>	<b>64.7</b>	<b>99.8</b>	<b>99.3</b>
-	2.4	1.5	-	-
-	1.7	1.1	-	-
-	8.3	11.0	-	-
-	0.0	0.0	-	-
-	0.0	0.0	-	-
-	<b>12.4</b>	<b>13.6</b>	-	-
100	12.8	14.5	0.2	0.7
-	13.3	7.2	-	-
<b>100</b>	<b>26.1</b>	<b>21.7</b>	<b>0.2</b>	<b>0.7</b>
100	100	100	100	100

# Investment Portfolio

Equities																	
<b>Objective</b>	Aims to achieve net returns that outperform the rise in the CPI over the long-term (ten years) by at least three per cent per annum.																
<b>Strategy</b>	The Trustee's strategy in order to meet the above objectives for the Equities Option is to invest entirely in Australian and International Shares.																
<b>Risk Profile</b>	<p>May be considered a relatively high risk portfolio.</p> <p>This option is likely to experience significant short-term variability of returns with the likelihood of a negative one-year return of 30%.</p> <p>This option is designed to offer a relatively high-risk portfolio, with a higher return expectation than the Balanced and Cash options over the long term.</p>																
<b>Strategic Target Asset Allocation</b> <p>The Fund's strategic asset allocation percentages for determining the investment strategy of each investment option as at 30 June 2011 are as follows:</p>	<table border="1"> <caption>Strategic Target Asset Allocation</caption> <thead> <tr> <th>Asset Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>50.2%</td> </tr> <tr> <td>Overseas Shares (Unhedged)</td> <td>32.6%</td> </tr> <tr> <td>Overseas Shares (Hedged)</td> <td>8.1%</td> </tr> <tr> <td>Australian Small Companies</td> <td>1.3%</td> </tr> <tr> <td>Emerging Markets</td> <td>7.0%</td> </tr> <tr> <td>Global Small Companies</td> <td>0.6%</td> </tr> <tr> <td>Cash</td> <td>0.2%</td> </tr> </tbody> </table>	Asset Class	Percentage	Australian Shares	50.2%	Overseas Shares (Unhedged)	32.6%	Overseas Shares (Hedged)	8.1%	Australian Small Companies	1.3%	Emerging Markets	7.0%	Global Small Companies	0.6%	Cash	0.2%
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Australian Small Companies	1.3%																
Emerging Markets	7.0%																
Global Small Companies	0.6%																
Cash	0.2%																

## Balanced

The Balanced option aims to achieve net returns that outperform the rise in inflation as measured by the CPI over the medium term (five years) by at least two per cent per annum.

The Trustee's strategy in order to meet the above objectives for the Balanced option is to invest in growth assets (shares and alternative assets), with some exposure to fixed interest.

May be considered a medium risk portfolio.

This option aims to provide a moderate volatility in returns with the probability of a negative return in any one year of 25%.

## Cash

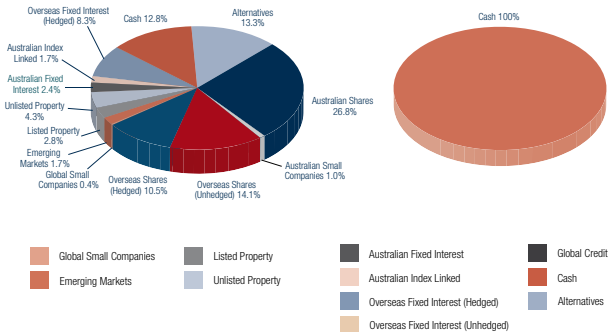
Aims to achieve long term returns that are at least equal to the annual rise in the CPI and in line with short term deposit rates (before tax).

The Trustee's strategy in order to meet the above objectives for the Cash option is to invest mainly in cash.

May be considered a relatively low risk portfolio.

This option aims to provide that returns in any one year period will always be positive.

The LESF Cash option aims to have a lower risk than the Equities and Balanced options.



## Derivatives

LESF's policy is where appropriate, to allow our investment managers to use derivatives to achieve their investment objectives, particularly for the purpose of managing risk. However, the managers must operate within specific guidelines.

## Reserves

The Trustee maintains a reserve in the Fund for the benefit of members. The reserve is maintained to help meet the expenses of running the Fund and provides for the management of the operating risks of the Fund. Over the past 3 years, LESF's reserves have been:

2010/2011	\$456,745
2009/2010	\$490,238
2008/2009	\$714,798

## Financial Position

KPMG will audit LESF's financial accounts. The Trustee is satisfied that the unaudited abridged financial accounts summarised below represent a true and accurate record of LESF's financial position. Audited accounts will be available from late October 2011 on request.

## Statement of Financial Position

As at 30 June 2011

	30-Jun-11 \$	30-Jun-10 \$
<b>ASSETS</b>		
Cash at Bank	1,154,568	1,141,172
<b>Receivables</b>		
Contributions Receivable	551,460	533,499
Sundry Receivables	2,050,063	680,482
Deferred Tax Assets	692,661	757,535
<b>Investments</b>		
Mercer Cash Portfolio	2,330,465	2,396,164
Mercer Growth Portfolio	31,881,823	29,141,508
Mercer Shares Portfolio	2,243,852	1,957,151
QIC International Equities Fund	988,196	965,773
QIC Implemented Australian Equities	1,170,595	978,695
QIC Growth Fund	32,264,709	30,041,902
<b>Total Assets</b>	<b>75,328,392</b>	<b>68,593,881</b>

	30-Jun-11 \$	30-Jun-10 \$
<b>LIABILITIES</b>		
<b>Payables</b>		
Benefits Payable	108,628	142,728
Creditors and Accruals	151,012	181,328
<b>Tax Liabilities</b>		
Current Tax Liabilities	653,664	342,244
Deferred Tax Liability	81,176	80,024
<b>Total Liabilities</b>	<b>994,480</b>	<b>746,324</b>
<b>Net Assets Available to Pay Benefits</b>	<b>74,333,912</b>	<b>67,847,557</b>
Represented by:		
<b>LIABILITY FOR ACCRUED BENEFITS</b>		
<b>Allocated to Member Accounts</b>	<b>73,499,416</b>	<b>67,008,113</b>
Unallocated to Member accounts	377,751	349,206
Reserves	456,745	490,238
<b>Total</b>	<b>74,333,912</b>	<b>67,847,557</b>
<b>Opening Balance</b>	<b>67,847,557</b>	<b>61,538,905</b>
<i>Plus</i>		
<b>Money Received</b>		
Net Investment Income	4,210,413	2,575,458
Change in Market Values in Investments	3,797,601	3,798,200
Member and Employer Contributions	6,779,922	7,090,725
Transfers In	899,304	464,920
Other Revenue	375,048	76,376
<b>Total Income</b>	<b>16,062,288</b>	<b>14,005,679</b>
<i>Less</i>		
<b>Money Paid Out</b>		
Benefits Paid	7,049,954	5,299,570
Administration Costs	610,867	618,110
Insurance Premiums	568,350	610,375
No TFN Contributions Tax	(15,984)	16,344
Income Tax Expense	1,362,746	1,152,628
<b>Total Expenses</b>	<b>9,575,933</b>	<b>7,697,027</b>
<b>Closing Balance</b>	<b>74,333,912</b>	<b>67,847,557</b>

## Super News

### Contribution Caps

Effective from 1 July 2009, the concessional contribution cap has reduced to \$25,000 (indexed) per annum. The transitional concessional contributions cap, which applies to individuals aged 50 and over at any time during the transitional period (2007/08 to 2011/12), will be halved to \$50,000 (indexed) per annum for the 2009/10, 2010/11 and 2011/12 financial years. Concessional contributions generally include SG employer contributions, salary sacrifice contributions, and any personal contributions where a tax deduction is being claimed.

### Co-contribution

The Government has reduced the maximum co-contribution that is payable on an individual's eligible personal (non-concessional) superannuation contribution, to \$1,000, from 1 July 2009. The income limits for the government co-contribution have been indexed. The new upper limit to be eligible is \$61,920 total income. Total income is the sum of your assessable income, reportable fringe benefits and salary sacrifice contributions. Before 30 June 2009 salary sacrifice contributions were not included in the definition of total income for this purpose. By making an after-tax member voluntary contribution into LESF, you could be eligible to receive a co-contribution from the Government of up to \$1,000. For every \$1 contributed, the government will pay up to \$1 as a co-contribution. The maximum value of the co-contribution decreases by 5c per \$1 of income if you earn over \$31,920 per annum until you are no longer eligible. You can receive up to \$1,000 from the government if you:

- Are less than age 71
- Earn less than \$61,920 per annum
- Do not hold an eligible temporary resident visa at any time during the year
- Make a post-tax member voluntary contribution
- Have 10% or more of your total income from eligible employment, running a business or a combination of both.

### Unclaimed monies

If you have reached age 65 and we have not received a contribution for you in the previous 2 years and LESF cannot contact you, your benefit may be transferred to the Australian Taxation Office (ATO). From 1 July 2010, Super funds are required to transfer lost accounts with balances less than \$200, and those accounts which have been inactive for a period of 5 years and have insufficient records to identify the owner of the account to unclaimed monies with the ATO. Former account holders will be able to reclaim their money from the ATO at any time.

Temporary resident's super becomes unclaimed money six months after the person's visa has expired or they have left Australia. Each six months the ATO will write to funds and supply a list of affected members. Funds must then pay these members full account balances to the ATO. Members affected can claim their benefit from the ATO.

The circumstances for cashing a temporary resident's superannuation are restricted to:

1. Having left Australia, or
2. Illness or death.

Temporary residents cannot claim payments on the other grounds such as retirement, financial hardship or attaining age 65.

## Advisers

The following major professional advisers and consultants were used by the Fund during the year:

### Administrator

Australian Administration Services Pty Ltd (AAS)  
ABN 62 003 429 114, as an Authorised Representative of Pacific Custodians Pty Limited ABN 66 009 682 866, AFSL No 295142.

### Auditor

KPMG (Brisbane)

### Insurer

CommInsure

### Lawyers

Allens Arthur Robinson, Norton Rose, McCullough Robertson

*Other legal firms may be used for specific tasks from time to time.*

### Investment Managers

Mercer (MSIT)  
Queensland Investment Corporation (QIC)

### Asset Consultant

Mercer Consulting

## Eligible Rollover Fund

### National Preservation Trust (NPT)

In order to reduce the costs of running LESF and to protect the accounts of all members, the Trustee may apply a policy to transfer inactive member accounts to an ERF. LESF currently transfers these types of accounts to National Preservation Trust (NPT), which is an ERF. Inactive Member accounts are usually transferred to NPT annually, where your account will be allocated with earnings and fees under the rules of NPT. The fees deducted will generally not exceed the earnings allocated and your account balance will be protected under member benefit protection rules. If LESF has your current address, you will be notified in writing prior to your account being transferred to the ERF. NPT can be contacted on 1800 331 210 or at PO Box 6003, Wollongong NSW 2500. The Trustee of LESF is satisfied that the accounts of members transferred to the ERF will continue to be properly maintained in the new fund. If your account balance is transferred to NPT, you will cease to be a member of LESF and you will no longer have any rights against the Trustee of LESF. Any insurance cover you have with the Fund will cease.

## Lost Members

'Lost members' are members for whom LESF has no current address. Under Australian Government regulations, we can classify you as a lost member if our mail to you is returned, or if we have not received a contribution on your behalf in the last five years, and we have been unable to verify your address is correct. Lost members may have their account balance transferred to LESF's appointed eligible rollover fund, the National Preservation Trust (NPT) (see above for contact details).



## Additional Information

### Privacy Statement

LESF is committed to ensuring the privacy of the personal information of its members. Information will only be shared with other organisations as necessary to administer your super account or as otherwise authorised by law or by you, the member. A copy of the Fund's Privacy Policy can be viewed on the Fund's website at [www.lesf.com.au](http://www.lesf.com.au). If you have a privacy complaint, please contact LESF on Freecall 1800 359 686. If you are unsatisfied with the resolution of any issue, you can refer the matter to the Privacy Commissioner by calling 1300 363 992.

### Complaints

If you are unhappy with our service or super fund, we offer a dispute resolution process at no cost to you. Contact us to discuss your complaint:

Customer Service Centre: 1800 359 686  
Customer Service Fax: 1800 603 371  
LESF Complaints Officer  
GPO Box 1424  
Brisbane Qld 4001

We will do everything we can to resolve the issue as quickly as possible. If you are still not happy or LESF has not responded within 90 days, you can contact the Superannuation Complaints Tribunal (SCT). The SCT is an independent body set up by the Federal Government to help resolve complaints through conciliation. The SCT can be contacted by writing to:

The Secretariat  
Superannuation Complaints Tribunal  
Locked Bag 3060 Melbourne VIC 3001  
Phone: 1300 884 114 or visit the SCT website at [www.sct.gov.au](http://www.sct.gov.au)

The scope of matters that the SCT can deal with is limited by legislation, and it is possible that the SCT cannot deal with the matter. The SCT will advise you if they can deal with a complaint, and if so, what information is required. Time limits apply for lodging complaints and the complaint must first have been dealt with under LESF's internal dispute resolution procedures. Access to the SCT is free of charge.

## Indemnity Insurance

The Trustee has taken out indemnity insurance to protect the Trustee Directors and the Fund against the financial effects of errors, inaccuracies and oversights that might occur in the management of the Fund.

## Compliance

LESF is a complying regulated fund under the Superannuation Industry (Supervision) Act 1993 (SIS). By being a complying regulated fund, LESF is eligible for concessional tax rates that benefit members and accepts Superannuation Guarantee contributions and Rollins from other funds. The Fund has been granted a Registrable Superannuation Entity Licence (L0001342) and a Registrable Superannuation Entity Number (R1005448) by the Australian Prudential Regulation Authority (APRA). The Trustee is not aware of any matter that would cause the Fund to lose its complying status.

## Arrears

The Trustee's primary responsibility is to act in the best interests of members. LESF follows up any employer that falls behind in payment of employee superannuation contributions with a series of letters.

Where an employer's contributions continue to remain outstanding, the Trustee will consider any further steps necessary to ensure they are paid.

## Other Fund Information

As well as this annual report, a range of information is available about LESF including:

- Your annual member statement
- The LESF Product Disclosure Statement (PDS); and
- The Trust Deed

Upon request the Trustee will provide you with all the information that the Trustee reasonably believes you would require to make an informed assessment about the management and financial condition and the investment performance of the Fund. The provision of some information may be subject to change.

### How to contact us:

Law Employees Superannuation Fund Administration  
Phone: 1800 359 686 (Freecall)  
Fax: 1800 603 371  
GPO Box 1424 Brisbane QLD 4001  
Level 15, ANZ Building  
324 Queen Street  
Brisbane QLD 4000  
[www.lesf.com.au](http://www.lesf.com.au)

This report has been prepared by Australian Administration Services and issued by LESF Pty Ltd as Trustee for the Law Employees Superannuation Fund.

*"Australian Administration Services Pty Limited ("AAS") has prepared this report ("Trustee Report") on the basis of information received to AAS by LESF Pty Ltd ("Trustee"), the custodian of the assets of the Law Employees Superannuation Fund ("Fund"), the investment manager of the Fund and any other person directed by the Trustee to provide information to AAS for the purposes of the Trustee Report ("Report Information"). The Trustee Report also contains such other information that AAS is required to provide to the Trustee in accordance with the administration agreement between the Trustee and AAS ("AAS Information"). "AAS provides the AAS Information on the same terms as the administration agreement. AAS makes no representations or warranties as to the accuracy of the Report Information. AAS does not adopt or endorse the Report Information and recommends that the Trustee make its own enquiries to confirm the accuracy of the Report Information" "AAS have prepared this report for the information and benefit of the Trustee and specifically disclaim any liability arising from loss, damage or costs sustained by any third party to whom the Trustee provides the Trustee Report. The Trustee shall indemnify AAS in respect of any loss, damage or costs arising out of any third party claim against AAS in relation to the Trustee Report.*





## CONTACT LESF



1800 359 686 (freecall)



Fax: 1800 603 371



GPO Box 1424  
Brisbane QLD 4001



Level 15, ANZ Building  
324 Queen Street  
Brisbane QLD 4000



Website: [www.lesf.com.au](http://www.lesf.com.au)  
email: [lesf@lesf.com.au](mailto:lesf@lesf.com.au)