

legalsuper's Direct Investment Option

September 2015

Transfer from superannuation to new Pension

The legalsuper Direct Investment Option (DIO) offers members more control and choice with the investment of their super. This option suits members who want to be actively involved in managing their super or those who might be seeking a low-cost alternative to a SMSF.

Members can invest in a selection of shares, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs) and term deposits. The Trustee maintains an Approved Investment Menu and members can invest in the shares, ETFs, LICs and term deposits listed in this Approved Investment Menu.

Members of legalsuper can choose to invest part of their account balance in the Direct Investment Option. Members request a Direct Investment Option account (DIO account) to be opened, they then transfer money from their other legalsuper investment options to the DIO account and they then purchase their own selection of shares, ETFs, LICs and term deposits.

Most members of legalsuper are 'accumulation' members – contributions are still being made and they are still saving towards their retirement income. An option for these legalsuper accumulation members when they transition towards retirement or retire is to start a legalsuper Pension – contributions cease to be accepted and a regular pension is paid by legalsuper.

When a member transfers from an accumulation account to a legalsuper Pension, generally superannuation investment options are redeemed and pension investment options are invested in. The exception is the Direct Investment Option.

If you have a legalsuper Direct Investment Option account as part of your superannuation investment options, you may be able to request a transfer of that existing Direct Investment Option to a legalsuper Pension without having to sell your investments.

What are the benefits of a DIO account transfer to Pension?

If you are able to transfer your existing superannuation Direct Investment Option account, you will not have to sell your investments. The benefits of a transfer may include:

- no liability for capital gains tax on unrealised gains on assets transferred and subsequently sold ;
- no 'out of market risks' associated with selling and repurchasing investments; and
- the avoidance of brokerage costs and early redemption fees.

For legalsuper to be able to transfer an existing superannuation Direct Investment Option account, you must meet the eligibility requirements and the Direct Investment Option sub-Custodian must confirm that transfer documentation can be executed and lodged with the applicable external registry.

Eligibility requirements

The eligibility requirements are:

- the transfer will not result in less than \$3,000 being invested in your non-Direct Investment Option investments;
- that there are no pending cash transfers, are no unsettled trades in the member's account, no stocks with a mandatory open corporate action or an election on a non-mandatory corporate action, and there are no share holdings in delisted companies; and
- you must accept the Terms and Conditions of the transfer detailed overleaf.

• Strong performance for over 25 years • Manages \$2.6 billion • 42,000+ members

Terms and Conditions

In making a request to transfer an existing legalsuper Direct Investment Option account (DIO account) to a new legalsuper Pension without that account being closed, you must agree to the following terms and conditions.

1. All transfer requests must be made on a valid Pension application form submitted to commence a legalsuper Pension. Requests are not accepted in any other manner. Transfer requests cannot be made at an existing legalsuper Pension.
2. For Pension applications that include a transfer request of a DIO account, the Purchase Price of the Pension includes the full value of all assets held by the DIO account on the date of transfer of the DIO account.
3. Transfers only apply to a full transfer of all assets held in the DIO account. Partial transfers are not accepted. Multiple DIO accounts cannot be combined.
4. Transfers are not accepted from (or to) other superannuation or pension funds and cannot be a transfer to another person.
5. Transfer requests once made cannot be revoked.
6. A failure of the transfer will result in the decline of the Pension application. Declined Pension application monies (other than the DIO account) will be held in the legalsuper fund bank account for a maximum 28 days to allow a new Pension application to be made. Monies held in the legalsuper bank account do not receive interest and interest earned is retained by legalsuper to cover operational expenses.
7. On transfer, all:
 - non-elected non mandatory corporate actions are forfeited;
 - dividend reinvestment elections are revoked and if required, will need to be re-elected by the member; and
 - term deposit maturity elections will carry forward.
8. Applicants are responsible for ensuring that their transfer request meets the transfer eligibility rules on the day that the Pension application is made.
9. Applicants agree not to issue any transaction instructions on their existing DIO account from the date the Pension application is signed until either the transfer is rejected or the transfer to the new Pension account is completed and confirmed in writing to the applicant.
10. The commencement date of the Pension is the date of transfer of the DIO account assets.
11. Applicants are responsible for applying for a new MemberAccess for their Pension membership once the Welcome letter is issued.

Other Important Information

Once a transfer request is submitted, access to the Direct Investment Option portal will be suspended for approximately 6 working days (NSW and Vic) while the transfer is completed. Once completed, access to the DIO account will be via MemberAccess for the new Pension membership number.

Following the commencement of the Pension and completion of the DIO account transfer, members who retain a legalsuper superannuation membership will be unable to open another Direct Investment Option account for that membership number. A new superannuation membership number will be required.

Transfers of a DIO account from Pension account to a superannuation account are not offered. On commutation of that new Pension account, all assets of the DIO account must be sold and the account closed. Pension accounts cannot be commuted if the DIO account cannot be closed.

The transfer request only applies to a DIO account held in a legalsuper superannuation membership to a new Pension membership for the same member and that one DIO account.

The super fund for Australia's legal community

 legalsuper



LEGS 37714

Superannuation enquiries: **1800 060 312**

Pension enquiries: **1800 623 502**

Fax: **1800 614 431**

Email: mail@legalsuper.com.au

Mail: Locked Bag 5081, Parramatta NSW 2124

legalsuper.com.au

Issued in September 2015 by Legal Super Pty Ltd (ABN 37 004 455 789), Level 26, 140 William Street, Melbourne VIC 3000. AFSL 246315 as the Trustee for legalsuper (ABN 60 346 078 879). This document contains general information only and is not intended to be a substitute for advice. It does not take into account any individual's or organisation's investment objectives, financial situation or particular needs. Accordingly, any individual or organisation should seek professional advice that takes account of their needs, objectives and circumstances before making a decision in relation to any of the matters covered in this document.