

Member Guide

Product Disclosure Statement



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Before you start

Before you start to read this Product Disclosure Statement (PDS) you should be aware of the following:

- This PDS contains information about **Division 3A** of Qantas Super. It is a summary of significant information and contains a number of references to important information (each of which forms part of the PDS). You should consider that information before making a decision about Division 3A of Qantas Super.
- In addition, there are two other documents that form part of this PDS, but not contained in it, that **you should read before making any decisions** about **Division 3A** of Qantas Super. They are:
 - The *Member Guide Supplement*, and
 - *Your Insurance Guide – Additional Voluntary Death and TPD Cover* (Insurance Guide)

Both these documents provide extra information about your Division 3A super and can be viewed or downloaded from www.qantassuper.com.au.

When you see this icon  you will know there is other information to refer to.

This document provides general information only and does not take into account your objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

This PDS is prepared by the trustee of the Plan, Qantas Superannuation Limited, (QSL or Trustee) ABN 47 003 806 960, Australian Financial Services Licence (AFSL) number 288330. The Qantas Superannuation Plan (Qantas Super or Plan) ABN is 41 272 198 829.

The information in this PDS is correct at the time of preparation and is only an outline of the topics discussed. Information in this PDS may be subject to change from time to time. Changes that are not materially adverse will be updated and made available on the Plan's website. You can request a paper copy of updated information at any time free of charge.

1 ABOUT QANTAS SUPER DIVISION 3A

Qantas Super has been looking after Qantas Group employees and their retirement savings since 1939. It's run entirely for the benefit of members who are current and former employees of the Qantas Group.

With more than 33,000 members and almost \$6 billion in assets, Qantas Super is one of Australia's largest corporate super funds.

QSL is the trustee for Qantas Super. QSL has five directors who are nominated and elected by the members, and five Directors who are nominated by Qantas Airways Limited (**Company**). QSL must act in the interests of the members of the Plan as a whole.

Qantas Super is the default superannuation fund for eligible employees of the Qantas Group. If you are covered by an enterprise agreement which selects Qantas Super as the default superannuation fund, and you are eligible for membership in Division 3A, you will automatically be admitted as a Division 3A member.

Eligible employees who select a superannuation fund other than Qantas Super through a choice of fund election may also join Division 3A at a later date if permitted by the Company.

Qantas Super also has other divisions, such as:

- for when you leave the Company (Division 8 Retained Benefits) if you want to leave your super in the Plan;
- for the payment of a pension if you have reached your preservation age and are still working (Division 14 Transition to Retirement) or have ceased working (Division 9 Flexible Income Stream);
- for your spouse (Division 11 Spouse Member Account).

To help you understand your benefits and make informed decisions, Qantas Super provides a member website, regular communications, and email and phone services through our Contact Centre. See page 16 for contact details.

2 HOW SUPER WORKS

About Super

Superannuation is a means of saving for retirement which is, in part, compulsory. The Government provides tax concessions, making super a tax effective way of saving for your future. There are different types of contributions available to you (for example, employer contributions, voluntary contributions, government co-contributions). There are limitations on contributions to, and withdrawals from, superannuation. Most people have the right to choose into which fund their employer should direct their superannuation guarantee contributions.

About contributions

If you are employed and earn more than \$450 a month, your employer is required to make contributions into a super fund for you. This is known as the Superannuation Guarantee (SG). The minimum contributions required are currently 9% of your ordinary time earnings (OTE). Note that the Company may make contributions greater than 9%.

Division 3A of Qantas Super is structured to provide you with flexibility in how you make super contributions. You can set the level of your contributions to suit your needs.

If you wish to change your contributions, you can do so at any time, which will generally take effect from your next pay. This flexibility allows you to tailor your super contributions to meet your financial needs, taking into account such issues as your current age, personal circumstances and the effects of tax (provided minimum contributions are made).

To make a change to your regular contributions you will need to contact PeopleConnect or your payroll department.

About withdrawing money from your super

Generally, superannuation can only be accessed when you permanently retire from the workforce after reaching your preservation age (between age 55 and 60 depending on your date of birth).

1 You should read the important information about *How super works* before making a decision. Go to section 2 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to *How super works* may change between the time when you read this PDS and the day when you acquire the product.

3 BENEFITS OF INVESTING WITH QANTAS SUPER DIVISION 3A

Qantas Super is one of Australia's largest corporate super funds. This gives us the scale to deliver a competitive super fund.

Other benefits of investing with Qantas Super Division 3A

- **We are the super fund for Qantas Group employees.** The QSL Board has a Director who is nominated and elected by you and your employment group.
- **Solid long-term investment performance.** Super's a long term investment so it's investment performance over the long term that's important. Our investment returns are available on our website.
- **Division 3A of Qantas Super makes investing easy.** Division 3A offers five easy to understand investment options and you can choose the one you feel suits you best. If you don't make a choice your super will be invested in the Growth Option.
- **Division 3A of Qantas Super provides you with flexible insurance cover.** With Division 3A, you are covered for Death cover. You also have the flexibility to increase your cover and apply for total and permanent disablement cover. Refer to our *Insurance Guide* for information on Additional Voluntary Cover.
- **You can enjoy the benefits of Qantas Super over your whole life.** When retirement approaches you can invest your super in one of our flexible super pensions – Transition to Retirement (winding down to retirement) or Flexible Income Stream (when you retire).

i You should read the important information about the *Benefits of investing in Qantas Super Division 3A* and *How super works* before making a decision. Go to sections 2 and 3 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to the *Benefits of investing in Qantas Super Division 3A* and *How super works* may change between the time when you read this PDS and the day when you acquire the product.

“Qantas Super offers five investment options so you can choose the one you feel best suits you”

4 RISKS OF SUPER

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

The likely investment return and the level of risk of losing money are different for each investment option depending on the underlying mix of assets. When considering your investment in super, it is important to understand that:

- The value of investments will vary;
- The level of returns will vary, and future returns may differ from past returns;
- Returns are not guaranteed, and you may lose some of your money;
- Superannuation laws may change in the future;
- The amount of your future superannuation savings (including contributions and returns) may not be enough to provide adequately for your retirement; and
- The level of risk that is acceptable for each person will vary depending on a range of factors, including age, investment time frames, where other parts of their wealth are invested, and their risk tolerance.

i You should read the important information about the *Risks of super* before making a decision. Go to section 4 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to the *Risks of super* may change between the time when you read this PDS and the day when you acquire the product.

“The likely investment return and risk differs for each investment option”

5 HOW WE INVEST YOUR MONEY

Qantas Super offers five different investment options.

- **Cash:** For investors who want exposure to cash and short-term money market returns. The risk of negative returns is very low. The returns are stable but usually low.
- **Conservative:** For investors who want stable, modest returns, with a relatively low to medium likelihood of negative returns.
- **Balanced:** For investors who want a return above CPI over a 5-year period, with a medium degree of risk.
- **Growth:** For investors who want a high return above CPI over a 5-year period, with a medium to high degree of risk.
- **Aggressive:** For investors who want a very high return above CPI over a 7-year period, with a high degree of risk.

You choose the option you feel best meets your investment needs.

WARNING: You must consider the likely investment return, the risk, and your investment timeframe when choosing an option in which to invest.

If you don't make a choice your super will be invested automatically in the **Growth** Option which is summarised on the following page.

Investment details for the Growth Option



70% Return seeking assets

- 20% Australian shares
- 25% International shares
- 5% Private equity
- 20% Return seeking alternatives

30% Risk controlling assets

- 10% Risk diversifying alternatives
- 16% Fixed interest
- 4% Cash

Overview

The Growth Option is for investors who seek an above CPI return and exposure to return-seeking assets such as Australian shares, international shares, private equity and return-seeking alternatives (including infrastructure and property), with a medium to high degree of risk.

Investment return objective

- To achieve a return that exceeds CPI by at least 4.0% p.a. over a five year period, after tax and investment fees.
- To outperform the notional return on the benchmark portfolio.
- To limit the likelihood of a negative annual return to 4 years in every 20 years (20%).

Characteristics

The Growth Option is dominated by return seeking assets, although a small proportion of risk controlling assets are held.

- Expected average net return 7.9% p.a.
- Standard deviation 10.9%
- Probability of a negative annual return 18.8%.

Minimum suggested time to invest

5 years.

Risk level

There may be short-term medium-term volatility in these asset classes, as the investment has a medium to high degree of risk.

The estimated number of negative annual returns over any 20 year period is 3.5.



Choosing or changing your investment option

At the time you join **Division 3A** you can indicate the investment option you wish to have your accounts initially invested in. You can only choose one option. You may choose to vary your MIC Option at any time in which case your existing account balance and the future contributions will be invested in that MIC Option. An *MIC Option Notification* form, which can be used to vary your investment option, is available from our website www.qantassuper.com.au or by calling us on **1300 654 384**. The form should be returned to us at the address shown on the form. You can also vary your investment option on our secure website. To obtain a PIN to access the secure website, call us on **1300 654 384**.

Switches may be made each month. All switches will be processed on the first day of the month following the month in which your notification is received. Any switch you make will be confirmed in writing. There is currently no charge for changing your investment option.

Who do we invest your super with?

We appoint professional investment managers to invest the majority of the Plan's assets. We regularly review their performance and can remove managers and add new ones. Details of our investment managers are included in our Annual Report and in the Investments section of our website www.qantassuper.com.au.

The Trustee does not take into account labour standards, or environmental, social or ethical considerations when it decides how the assets of the Plan are invested. In addition, the Trustee's current policy is not to impose any specific requirements on its investment managers about the extent to which they take these considerations into account when selecting, retaining or realising investments.

Accordingly, if our investment manager takes these considerations into account it will do so on behalf of the Trustee.

i You should read the important information about *How we invest your money* before making a decision. Go to section 5 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to *How we invest your money* may change between the time when you read this PDS and the day when you acquire the product.

6 FEES AND COSTS

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balances rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.*

To find out more

If you would like to find out more, or see the impact of the fees and costs based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneySMART.gov.au) has a superannuation fee calculator to help you check out different fee options.

* Please note the Trustee does not pay commissions to financial advisers and the fees and costs are not negotiable.

This table shows the fees and costs that you may be charged for our Growth Option. This can be used to compare costs between different superannuation products. The superannuation fee calculator at www.moneySMART.gov.au can also be used to calculate the effect of fees and costs on account balances.

Fees and costs can be paid directly from your account or deducted from investment returns.

Our fees and costs – Growth Option

Type of fee or cost	Amount	
Fees when your money moves in or out of the fund		
Establishment fee	Nil	
Contribution fee	Nil	
Withdrawal fee	Nil	
Termination fee	Nil	
Management costs		
The fees and costs for managing your investment	Investment management costs**	Estimated to be 0.50% p.a. of your account balance for 2011/12, and 0.51 – 0.64% p.a. of your account balance for 2012/2013.

** See page 11 for more information on investment management costs.

Example of annual fees and costs for the Growth Option

This table gives an example of how the fees and costs in the Growth Option can affect your superannuation investment over a 1-year period. You should use this table to compare this product with other superannuation products.

EXAMPLE The Growth Option	Fee basis	Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution fees	Nil	For every \$5,000 you put into the Plan, you will be charged \$0.
PLUS Management costs	Investment management cost: Estimated to be: 0.50% p.a. (for 2011/12) 0.51%–0.64% p.a (for 2012/13)	And, for every \$50,000 you have in the Plan, you will be charged between \$250 and \$320 each year.
EQUALS Cost of fund	If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees of from: \$250 to \$320 What it costs you will depend on the investment option you choose.	

Investment management costs

Investment management costs represent the direct costs of investing and managing your investments and include the base investment management costs and performance fees (if applicable). The actual investment management costs will be deducted from the Credited Interest Rate applied to your account. The investment management cost portion of the management costs outlined in the above example is an estimate for 2011/12 and 2012/13. We will let you know what the actual investment management costs have been for the previous financial year in your annual member benefit statement and our annual report. Indirect costs may also be incurred. Refer to page 27 of the *Member Guide Supplement* for more information.

Change in fees or charges

The Trustee has the right to amend the level of fees or charges charged in the future, without your consent. Any increase in fees or charges you are charged will be communicated to you at least 30 days before it is applicable. Any difference between the estimated investment management costs and the actual investment management costs is not a change in fees or charges.

The insurance costs are assessed by the Actuary at least every three years and varied if necessary. The last review was undertaken as at 1 July 2010.

i You should read the important information about *Fees and costs* before making a decision. Go to section 6 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to *Fees and costs* may change between the time when you read this PDS and the day when you acquire the product.

7 HOW SUPER IS TAXED

Tax on contributions

- **Concessional contributions: Company contributions and pre-tax (salary sacrifice)** – these are taxed at 15% on entry into the Plan. (This tax is deducted directly from your account and is called a ‘Contribution Tax’.) In addition, if contributions are made by, or for, you, that are above the Government’s yearly limit or ‘contribution cap’, you may be liable to pay 31.5% tax on the contributions above the ‘cap’.
- **Non-concessional contributions: Contributions you make from your after tax pay, income or savings** – these aren’t taxed, except if you contribute an amount above the Government’s yearly limit or ‘contribution cap’.

ALERT: The Government has set limits, called contribution caps, on how much you can contribute into super. If you exceed these limits you may pay extra tax.

Tax on investment earnings

These are generally taxed at 15%. An allowance for this tax is deducted from the earnings for the investment option you are invested in before the earnings are credited to your account.

Tax on benefits

Withdrawals from super are generally tax free if you are over age 60. You may be taxed on withdrawals if you are under age 60.

If you have to pay tax, we’ll deduct it from your benefit when it is paid. Your super is not taxed when transferred from one super fund to another.

Tax on death benefits

Death benefits paid to dependants (as defined under tax laws) will be tax free. If some or all of your death benefit is paid to your legal personal representative, the benefit may be subject to tax of up to 31.5% if it is ultimately paid to a non-dependant (under tax laws).

ALERT: You should provide your Tax File Number (TFN) when you become a member of Division 3A of the Plan. If you don’t, you may pay more tax than you need to when you contribute or withdraw money, or you may not be able to make certain types of contributions. It will also be more difficult to trace any other super you have and you run the risk of not receiving all your super when you retire.

i You should read the important information about *How super is taxed* before making a decision. Go to section 7 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to *How super is taxed* may change between the time when you read this PDS and the day when you acquire the product.

8 INSURANCE IN YOUR SUPER

When you join Qantas Super you will be automatically covered 24 hours a day, seven days a week anywhere in the world (not just while at work) for a level of Death cover which is determined by your age (**Standard Insurance Cover**).

The Standard Insurance Cover is compulsory, so you are not able to decline, change or cancel the cover.

You can also apply to increase your Death cover to a level you feel is right for you [and apply for total and permanent disablement cover] (**Additional Voluntary Cover**). See the Insurance guide for information on how to apply for Additional Voluntary Cover.

Benefits – Standard Insurance Cover

The Standard Insurance Benefit is the following amount.

Age at date of death	Insurance benefit
35 or less	\$50,000
35–39	\$35,000
40–44	\$20,000
45–49	\$14,000
50–55	\$7,000
56 or more	Nil

WARNING: Information about the eligibility for Standard Insurance Cover is contained in section 8 of the *Member Guide Supplement*. Information about the eligibility for, or cancellation of, Additional Voluntary Cover, is contained in the *Insurance Guide*. These documents also contain information about the conditions and exclusions that are applicable, as well as your entitlement to cover.

You should read this information to decide whether the Standard Insurance Cover is adequate for your circumstances or if Additional Voluntary Cover is appropriate for you.

Costs – Standard Insurance Cover

There are costs associated with Standard Insurance Cover. These costs will be deducted from your account annually or when you leave Division 3A. A deduction from your Productivity Account equivalent to \$0.50 per week is made on 30 June each year or when you leave the Plan to cover the cost of your Standard Insurance Cover. You will be charged \$26.00 per annum to cover the cost of your Standard Insurance Cover.

WARNING: You are not able to decline to acquire the Standard Insurance Cover or cancel it. The cost of Standard Insurance Cover will be deducted from your account annually or when you leave **Division 3A**.

Benefits – Additional Voluntary Insurance Cover

Qantas Super has partnered with MLC Limited (ABN 90 000 000 402 AFSL 230694) to offer you death and TPD insurance. This provides you with the flexibility to arrange insurance cover at a level that you feel is right for you and your personal circumstances.

Costs – Additional Voluntary Insurance Cover

If you apply for Additional Voluntary Cover, different premiums apply which are based on the type of cover, number of units of cover approved, your age as at 1 July, and your occupational group. Those premiums will be deducted from your account monthly.

i You should read the important information about *Insurance in your super* before making a decision. Go to section 8 of the *Member Guide Supplement* and the *Insurance Guide* which deals with Additional Voluntary Cover at our website www.qantassuper.com.au. The material relating to *Insurance in your super* may change between the time when you read this PDS and the day when you acquire the product.

9 HOW TO OPEN AN ACCOUNT

Opening an account is easy. It's all done for you, providing you are eligible to join **Division 3A**. The Company will notify you if you are eligible.

Qantas Super is the default super fund for most Australian-based employees within the Qantas Group. If you do not select a super fund under the choice of fund legislation prior to commencing employment, you will automatically become a member – there are no application forms to complete. We will send you a welcome letter with your membership details once your account is opened.

Member Dissatisfaction Procedures (Complaints)

The Trustee of the Qantas Superannuation Plan has established a Member Dissatisfaction Policy to ensure member inquiries and complaints are resolved promptly and regulatory obligations are met.

In addition, the Trustee is obliged to provide you with any information you reasonably require to understand your benefits.

How do I lodge a complaint?

1. Call Qantas Super on **1300 654 384** on weekdays from 8.30am to 5.30pm (EST) to discuss your complaint.
2. If you'd prefer not to discuss the complaint with your Service Representative, or your concern is not satisfactorily resolved, please direct your written complaint to:

Superannuation Inquiries Officer
Qantas Superannuation Plan
Locked Bag A4075
SYDNEY SOUTH NSW 1235

The Superannuation Inquiries Officer will ensure that your complaint is investigated appropriately and will provide you with a response.

3. If you do not receive a response to your complaint within 90 days or are not satisfied with the response provided after going through Qantas Super's internal complaints process, you may be eligible to take your complaint to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints. This is a free service to you. More information is available at the SCT website www.sct.gov.au or on 1300 884 114. The SCT mailing address is:

Superannuation Complaints Tribunal
Locked Bag 3060
MELBOURNE VIC 3001

i You should read the important information about *How to open an account* before making a decision. Go to section 9 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to *How to open an account* may change between the time when you read this PDS and the day when you acquire the product.

10 OTHER INFORMATION

i You should read the important information about *Other information* before making a decision. Go to section 10 of the *Member Guide Supplement* at our website www.qantassuper.com.au. The material relating to *Other information* may change between the time when you read this PDS and the day when you acquire the product.



Contacting us

If you have any questions or enquiries, or would like another copy of this Product Disclosure Statement or any of the additional information mentioned in it, please contact us.



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The information provided is of a general nature and does not take into account your personal objectives, situation or needs. You need to assess your own situation and if necessary seek professional advice. Past performance is not necessarily an indicator of future performance.