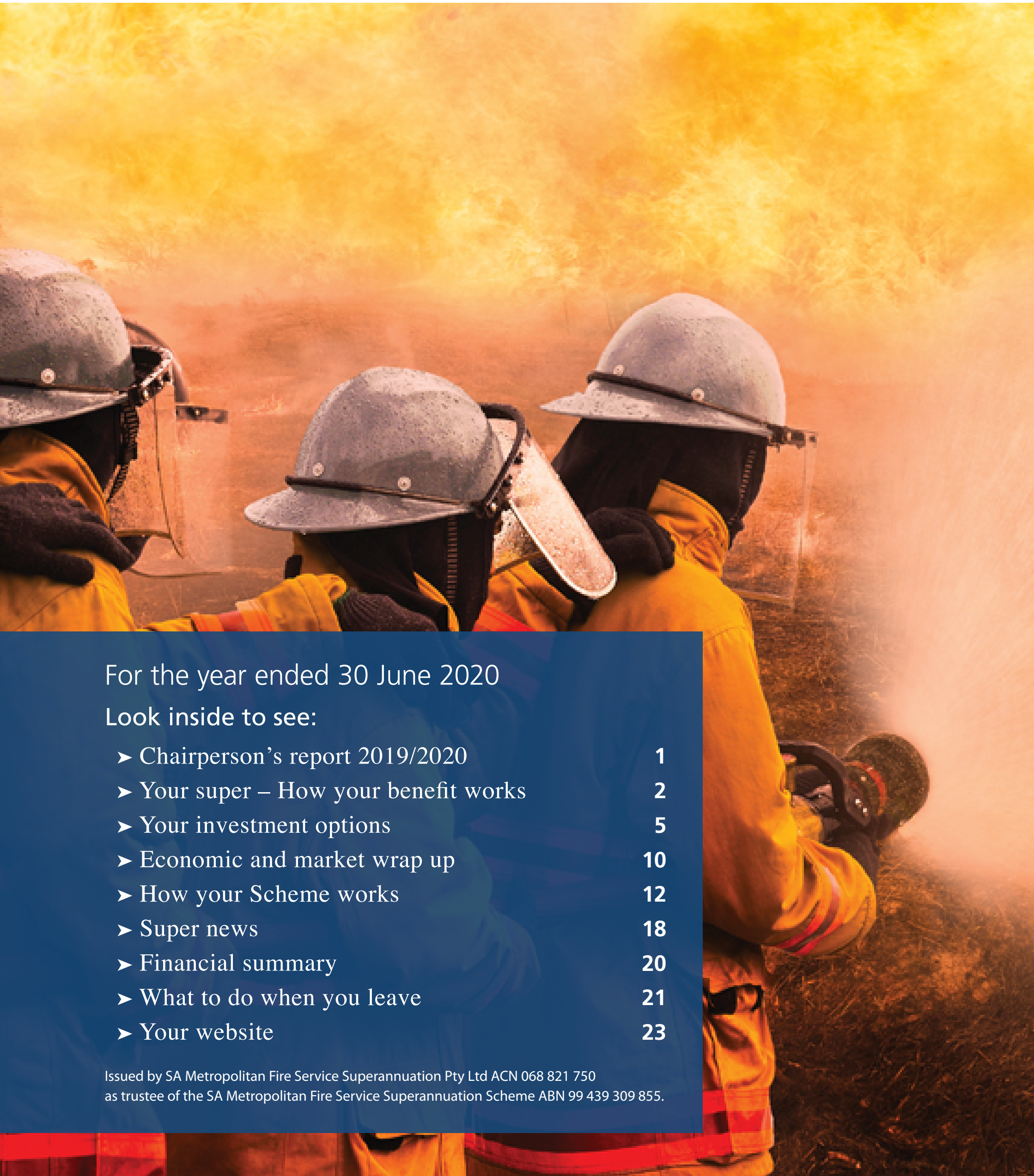
SA Metropolitan Fire Service
Superannuation Scheme

Annual Report

METROPOLITAN FIRE SERVICE SOUTH AUSTRALIA



For the year ended 30 June 2020

Look inside to see:

- Chairperson's report 2019/2020 1
- Your super – How your benefit works 2
- Your investment options 5
- Economic and market wrap up 10
- How your Scheme works 12
- Super news 18
- Financial summary 20
- What to do when you leave 21
- Your website 23

Issued by SA Metropolitan Fire Service Superannuation Pty Ltd ACN 068 821 750
as trustee of the SA Metropolitan Fire Service Superannuation Scheme ABN 99 439 309 855.

Message from the Chairperson

The Trustee is pleased to provide this Annual Report for the SA Metropolitan Fire Service Superannuation Scheme for the 2019-20 financial year.

Funds SA continues to manage the investment of the Scheme's assets. The 2019-20 financial year, from an investment market perspective, has been one of extremes due to COVID-19. Investment markets reached all time highs in late February 2020, dropping substantially during March, then recovering to provide a small negative to flat return by the end of the financial year. While the outlook for markets remains uncertain due to COVID-19, regional conflicts and weakened economies in many parts of the world, the Scheme's investment strategy remains focused on long-term fundamentals and true diversification across all asset sectors, regions and markets. With this approach and even with the membership bearing the funding risk of the Scheme, the Trustee believes the Scheme can be successful in supporting the defined benefit structure.

Following on from the Hayne Royal Commission, the Superannuation Industry continues to focus on the achievement and measurement of member outcomes. The lump sum benefits provided by the Scheme for long serving members generally continues to provide above average entitlements at retirement. The Trustee continues to model the relevance of the defined benefit structure against a comparative defined contribution alternative on an annual basis.

The Scheme's insurance benefits for Death, Total and Permanent Disablement and Income Protection are critical to protecting front line first responders in their daily operational duties. The Trustee continues to ensure members have access to a level of protection that they would otherwise not be able to access given their occupational risk rating. Many members have chosen to boost their protection by taking up additional voluntary insurance cover.

With regards to the Scheme's Governance and Compliance, the annual audit of the Scheme will now be undertaken in its entirety by PricewaterhouseCoopers (PwC) for the next 3 years. PwC was previously appointed by the Auditor General to undertake the audit on their behalf. PwC has extensive experience in auditing the Scheme and superannuation funds in general.

I would like to acknowledge the continuing strong contribution of my fellow Board members, our professional service providers and the Scheme's staff in ensuring that members' entitlements are managed in a sound and prudent manner.

Thank you for your continuing interest in the Scheme and I recommend that you read this report as it contains important information regarding your retirement savings.

Garry Powell
Chairperson

Your super – How your benefit works

If you are a Defined Benefit member

All permanent employees are Defined Benefit members.

After age 50

After age 50 the benefit will be allocated investment earnings, which may be positive or negative, applicable to your chosen investment option.

Your retirement benefit is 'defined'. This means that your benefit on retirement is based on a calculation that takes into account your years of service and your final average salary (please refer to the Member Benefit Guide for more information about how your benefit is calculated).

Before age 50

As you would be aware, some benefits on leaving service prior to age 50 are related to the Scheme's earnings, i.e. the Immediate Benefit option. The assets for the Defined Benefit section of the Scheme are invested in the Growth option and therefore the investment earnings generated by this option will be allocated to your compulsory contributions to calculate your leaving service benefit options.

Alternatively you may choose the Deferred Benefit option. Under this option the Defined Benefit component of the Deferred Benefit will remain in the Scheme until you request payment after age 50. This component will be indexed annually by the movement in the Consumer Price Index (CPI Adelaide – All Groups) subject to a minimum of zero, from the date you cease employment to your 50th birthday.

If you are an Accumulation member (or you are a Defined Benefit member with an accumulation account)

Your accumulation investment purchases units

The net amount of your superannuation contribution in an accumulation account (i.e. after any fees and/or taxes are deducted) buys what is known as 'units' in the Scheme. The number of units that your net contributions buy depends on the unit price at the relevant time. For example, if your net contributions are $1,000 (i.e. after any fees and/or taxes are deducted) and the unit price is $1.00 at that time, then 1,000 units would be bought on your behalf.

Unit prices are calculated on a weekly basis and fluctuate according to the investment performance of the Scheme (i.e. the unit price for the Scheme will reflect the value of the Scheme's underlying investments after making provision for tax on those investments and investment management fees).

The value of your accumulation account balance at any time is simply the number of units you have multiplied by their unit price at that time.

Net earnings on the Scheme's investments (which may be positive or negative) will be reflected via changes in unit prices. If the net earnings for the Scheme are positive, the unit price will increase. If the net investment earnings are negative (a loss), the unit price will decrease.

The effective rate of net earnings for a given period can therefore be determined by the proportionate increase (if returns are positive) or decrease (if returns are negative) in the unit prices from the start to the end of the period.

Your member statement shows how many units you have and their value as at 30 June 2020.

Your options – Accumulation benefits

Your Scheme offers you a choice of where to invest your super account balance.

Different members have different financial needs and no one investment option will suit everyone. That's why you have a choice of 7 options in this Scheme. You can choose to split your current account balance between any of the 7 investment options. You can also allocate your future contributions between any of the 7 investment options.

The rate of return you can expect from each investment option will vary according to the asset class(es) it is invested in.

Historically, an investment option invested mainly in growth assets (e.g. shares and property) has provided the best returns over the long term (more than 10 years). However, high growth options tend to have the most variation in returns from year to year. On the other hand, with an investment option that is invested mostly in defensive assets, such as fixed interest and cash, you could expect lower returns over the long term but less variation in returns from year to year.

However, you should be aware that past performance should not be relied upon as an indicator of future performance.

If you do not nominate an investment option when you join the Scheme or commence making any additional voluntary contributions, your super will be invested in the default option nominated by the Trustee. The Scheme's default investment option is the Growth option.

See pages 5 to 9 for a description of each investment option.

Investment returns

The table below shows each investment option's effective rate of net earnings (i.e. the actual rate of return net of tax and investment fees) for each of the past 5 financial years. You should refer to each investment option's objectives on pages 5 to 9. For an explanation of the reasons behind this year's investment returns, please turn to page 10. Please note that past performance is not a forecast or guarantee of future performance.

	High Growth	Growth	Balanced	Moderate	Conservative	Capital Defensive	Cash
1 July 2015 to 30 June 2016	3.1%	3.4%	3.3%	3.2%	2.8%	2.8%	1.9%
1 July 2016 to 30 June 2017	12.5%	10.8%	9.5%	7.7%	6.2%	4.2%	1.7%
1 July 2017 to 30 June 2018	10.9%	9.3%	8.1%	6.6%	5.2%	3.6%	1.6%
1 July 2018 to 30 June 2019	7.6%	7.3%	7.0%	6.4%	5.7%	4.8%	1.7%
1 July 2019 to 30 June 2020	-1.1%	-0.6%	-0.4%	-0.4%	0.2%	0.8%	0.8%
Compound average effective rate of net earnings for period 1 July 2015 to 30 June 2020	6.5%pa	5.9%pa	5.4%pa	4.7%pa	4.0%pa	3.2%pa	1.5%pa

Defined Benefits assets

Defined Benefit assets for permanent employees under age 60 are invested in the Growth option.

Since 1 July 2013, Defined Benefit assets for permanent employees over age 60 have been invested in the Conservative option.

See the table on page 3 for the 5-year compound returns to 30 June 2020, after fees and taxes.

Changing your investment choice

Once you have made your investment choice, it will continue to apply until you inform the Scheme of a new choice. You are able to switch your investment choice once a week. Forms received by the Trustee by 5pm Thursday will be processed at the next declared unit price, generally on the following Monday.

Call the Manager on (08) 8204 3826 for details on how to make a change.

We recommend that you seek professional financial advice before making any financial decisions.

Is there a fee involved?

The first investment switch you make each year is free. For any subsequent switches you make each year, a fee of $30.00 is deducted from your account balance.

Planning to leave?

For Accumulation benefits, the investment earnings (positive or negative) that apply to your chosen investment option are calculated up to the day you leave the Scheme and applied to your benefit.

For Permanent employees, the Defined Benefit portion of your benefit will be invested in the Growth investment option effective from the date of your leaving service (if under age 50 and you choose the Immediate Benefit option) or in the Cash investment option effective from the date of your leaving service (if over age 50). Any Accumulation derived benefit will continue to be invested in your chosen investment option/s.

If you are a Permanent employee under age 50 and choose the Deferred Benefit option, the Defined Benefit component of the Deferred Benefit will remain in the Scheme until you request payment after age 50. This component will be indexed annually by the movement in the Consumer Price Index (CPI Adelaide – All Groups) subject to a minimum of zero, from the date you cease employment to your 50th birthday. After age 50 the benefit will be allocated investment earnings applicable to your chosen investment option which may be positive or negative.

Indexation rate for Deferred members

Members that have elected to defer their benefits in the Scheme on ceasing employment prior to age 50 have their benefits indexed each year. The rate that applies depends on when a member elected to defer their benefit. For members who ceased employment prior to 23 June 2003 the annual indexation rate is based on the increase in Consumer Price Index (CPI) plus 3%, whilst for members deferring benefits after 23 June 2003 the annual indexation rate is CPI.

The rates applicable for the year ending 30 June 2020 are as follows:

Members electing to defer prior to 23 June 2003	5.4%
Members electing to defer after 23 June 2003	2.4%

Your investment options

Choosing and monitoring investment managers

The Scheme's investments are managed by Funds SA. Funds SA invests and manages over $30 billion on behalf of South Australian public sector superannuation funds and other approved authorities. Funds SA create and deliver multi sector investment products by engaging specialist investment managers and advisers to enable superannuation funds like the Scheme to have access to efficient and well structured investment facilities.

Funds SA determines the allocations of investments in each of the Scheme's investment options, including which managers are used to invest the assets. Funds SA critically assesses the selection of investment managers, manages investment manager appointments and replacements, and reviews and reports on performance against investment objectives.

Each investment option has guidelines for investing

For each investment option there is an investment policy that sets an investment strategy and objectives that determine how and where your money will be invested. While having an objective and strategy are required by law, having a strategy helps your Scheme aim to maximise investment returns while maintaining an acceptable level of risk. **Please note that the objectives are not a forecast or guarantee of future performance**.

Each investment option's performance is monitored regularly against objectives and strategy and changes are made where necessary. A copy of your Scheme's investment policy statement is available on request. There are different levels of investment risk associated with each of the Scheme's investment options. For example, Standard Risk Measures, developed by the Association of Superannuation Funds Australia (ASFA) and the Financial Services Council (FSC) based on industry guidance, measures the risk of negative returns over a 20 year period. The Standard Risk Measure is not a complete assessment of all forms of risk; for instance it does not detail what the size of the negative return could be or the potential for a positive return to be less than a member may need to meet their objectives. Further, it does not take into account the impact of administration fees and tax or the likelihood of a negative return. Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment options.

Please refer to the Scheme's Member Benefit Guide for more information. You can obtain a copy of the Scheme's Member Benefit Guide by calling (08) 8204 3826 or visiting **www.samfs.superfacts.com**.

The Scheme's investment approach

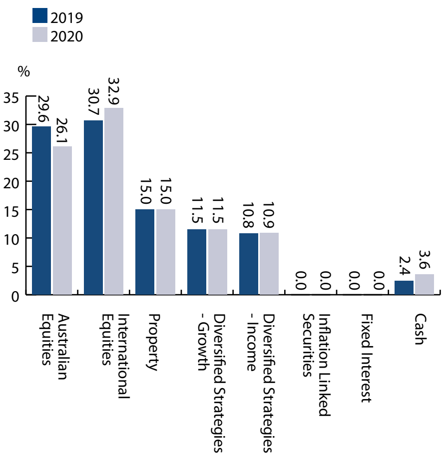
The Trustee aims to manage investment risk by offering members a range of investment options for Accumulation benefits that provide diversification by accessing different asset classes.

High Growth option

Objectives/Risk
The High Growth investment option is structured for investors with an investment time horizon of at least 10 years. Over this period it aims to earn a return averaging 4.5% in excess of the rate of inflation. However annual returns may be volatile. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'high' (Risk band 6) meaning that a negative annual return may occur between 4 to 6 years over a 20 year period.

Strategy
The option is invested 70% -100% in growth assets with the balance in income assets.

Where the assets were invested as at 30 June 2020

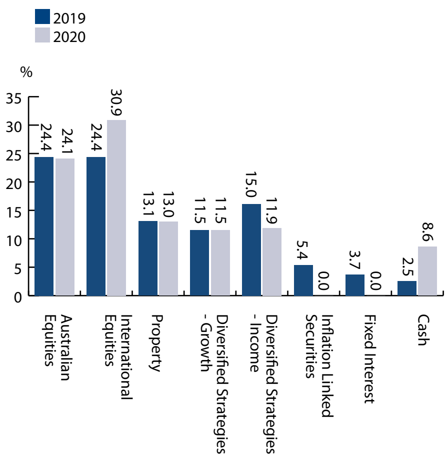


Growth option (default option)

Objectives/Risk
The Growth investment option is structured for investors with an investment time horizon of at least 10 years. Over this period it aims to earn a return averaging 4% in excess of the rate of inflation. However annual returns may be volatile. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'high' (Risk band 6) meaning that a negative annual return may occur between 4 to 6 years over a 20 year period.

Strategy
The option is invested 70% - 100% in growth assets with the balance in income assets.

Where the assets were invested as at 30 June 2020



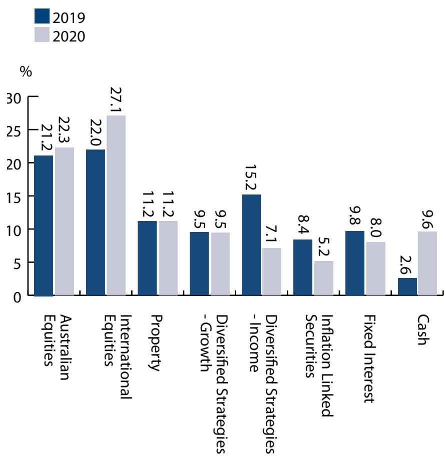
Note that due to rounding, the sum of the individual numbers within the graphs may not add up to 100%.

Balanced option

Objectives/Risk
The Balanced investment option is structured for investors with an investment time horizon of at least 10 years. Over this period it aims to earn a return averaging 3.5% in excess of the rate of inflation. However annual returns may be volatile. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'high' (Risk band 6) meaning that a negative annual return may occur between 4 to 6 years over a 20 year period.

Strategy
The option is invested 60% - 90% in growth assets with the balance in income assets.

Where the assets were invested as at 30 June 2020

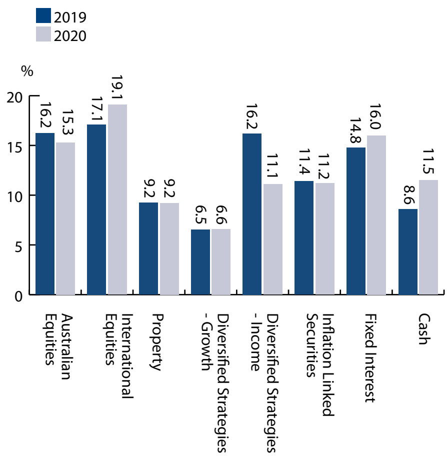


Moderate option

Objectives/Risk
The Moderate investment option is structured for investors with an investment time horizon of at least 6 years. Over this period it aims to earn a return averaging 3% in excess of the rate of inflation. However annual returns may be volatile. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'medium to high' (Risk band 5) meaning that a negative annual return may occur between 3 to 4 years over a 20 year period.

Strategy
The option is invested 40% - 70% in growth assets with the balance in income assets.

Where the assets were invested as at 30 June 2020



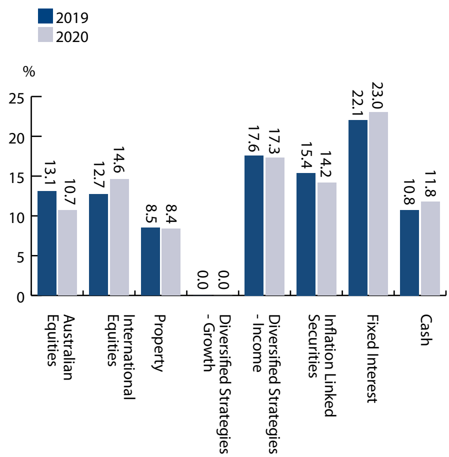
Note that due to rounding, the sum of the individual numbers within the graphs may not add up to 100%.

Conservative option

Objectives/Risk
The Conservative investment option is structured for investors with an investment time horizon of at least 4 years. Over this period it aims to earn a return averaging 2% in excess of the rate of inflation. However annual returns may be volatile. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'medium' (Risk band 4) meaning that a negative annual return may occur between 2 to 3 years over a 20 year period.

Strategy
The option is invested 25% - 55% in growth assets with the balance in income assets.

Where the assets were invested as at 30 June 2020

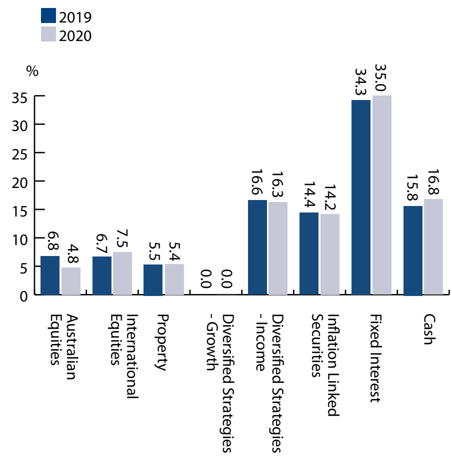


Capital Defensive option

Objectives/Risk
The Capital Defensive investment option is structured for investors with an investment time horizon of at least 2 years. Over this period it aims to earn a return averaging 1.5% in excess of the rate of inflation. However annual returns may be volatile. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'low' (Risk band 2) meaning that a negative annual return may occur between 0.5 to 1 year over a 20 year period.

Strategy
The option is invested 10% - 40% in growth assets with the balance in income assets.

Where the assets were invested as at 30 June 2020



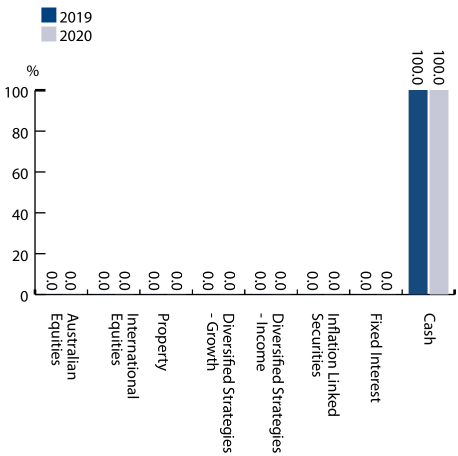
Note that due to rounding, the sum of the individual numbers within the graphs may not add up to 100%.

Cash option

Objectives/Risk
The Cash investment option has a target of maintaining the value of capital. Using the Standard Risk Measure developed by ASFA and the FSC, its risk level is classified as 'very low' (Risk band 1) meaning that a negative annual return may occur less than 0.5 years over a 20 year period.

Strategy
The option is invested 100% in income assets.

Where the assets were invested as at 30 June 2020



Keeping an eye on risk

External investment managers used by Funds SA are required to take steps to ensure that risk is kept at a reasonable level.

The Trustee does not undertake day-to-day management of derivative instruments. Derivatives can be defined as investment products whose value depends on or is derived from separate assets, liabilities, reference rates or indices. Funds SA uses derivatives to manage portfolio risk and to facilitate the implementation of investment strategies efficiently and cost effectively. Funds SA uses a variety of derivative instruments, such as over the counter swap agreements, forward rate agreements, futures and options.

Derivatives are an authorised investment within certain mandates managed by Funds SA's external investment managers, for the purposes described above.

Environmental, social and ethical considerations

Decisions to invest in or realise investments are based on key financial and managerial criteria. The Trustee does not separately consider social, environmental or ethical factors or labour standards to make these decisions.

Economic and market wrap up

Source: Mercer Investments

We reflect on the 2019-2020 financial year and how the announcement of a global pandemic disrupted the investment markets and the global economy.

On 11 March 2020, the World Health Organisation categorised the COVID-19 virus as a global pandemic. The announcement of the virus intensified the existing levels of uncertainty around the world, resulting in further moves in investment markets globally.

The forced closure of many businesses around the world put pressure on global economies. Central banks and governments responded by announcing fiscal and monetary rescue packages to help stimulate the economy.

There is still considerable uncertainty for the Australian economy. However, the responses from government and financial institutions, including the Reserve Bank of Australia's broad fiscal policy package and the decision to cut interest rates to an all-time low are helping to support Australians, businesses and the economy to increase market confidence throughout this difficult period.

Despite the reality that Australia is officially in a deep recession, the employment rate jumped to 7.4% in June – the highest it's been since November 1998, and with inflation falling 1.9% for 2Q2020 — the largest quarterly fall in the 72 year history of CPI (-0.3% YoY), there are glimmers of hope.

During the April – June period, the markets appear to have settled and have rebounded strongly, this is in response to the unprecedented stimulus packages and the easing of lockdown restrictions around the world.

Investment markets stabilise

Active intervention in bond markets by central banks is helping to keep 3 year yields close to 0.25% in the short term. This means access to money continues to be available, supporting liquidity and acting as additional stimulus in the economy. This allows governments and financial institutions to more easily fund COVID-19 support packages at historical low rates, which in turn helps support individuals, households and businesses to manage their debt to free up cash flows or invest to support demand and further stimulate the economy.

Investment markets continue to respond well to the global economic activity generated from countries gaining control of the virus and relaxing lockdown measures. In some instances, the increase in economic activity has also occurred earlier than originally anticipated, resulting in the markets responding positively and this is helping to improve investor sentiment and risk appetite.

To help strengthen the results, since March, the Australian dollar has also rebounded, following its traditional pattern of falling in line with equity markets, then strengthening when equity markets begin to rally. Historically, a weak Australian dollar has helped to cushion the impact of economic downturn.

A bumpy road to recovery

Although we are seeing some promising signs of recovery, it is important to acknowledge COVID-19 is still spreading rapidly through emerging countries like Brazil, India, Russia, Peru, Indonesia and continues to spread throughout parts of the USA. Until we have an effective vaccine to counter the virus, we will need to continue to manage the ongoing uncertainty and nervousness felt around the world.

The ongoing need for social distancing restrictions may also hinder the recovery at some point and unfortunately, some businesses may not survive the lockdown period.

The balancing act for governments will be to control the virus transmission, while supporting the economies through this recession period and into the recovery phase.

It's encouraging to see the investment markets and superannuation results were not affected as much as we initially anticipated. However, we do need to recognise uncertainty remains. The ongoing threat of the virus and the US election will all have a part to play in the local and international market performance.

What the 2019-2020 financial year means for your super

The investment market's rapid decline, then signs of recovery has resulted in a slight negative return for the superannuation industry.

Superannuation is well-diversified by design, invested across a range of asset classes including property, infrastructure, fixed assets, bonds and cash, to help reduce the risk of investing and smooth returns.

It is important to remember superannuation is a long-term investment designed to weather the market volatility that we can experience on our journey to building our retirement savings.

This annual report contains general information only and does not take into consideration your personal needs and individual circumstances. The changes to the market may prompt you to reconsider how your super is invested, we recommend you speak with your financial adviser before taking action.

Some investment terms explained

Consumer Price Index (CPI) — is used to measure the rate of increase in inflation. In Australia, it is based on the change in prices of a selection of household goods and services.

Average Weekly Ordinary Time Earnings (AWOTE) — is used to measure the rate of increase in average wages in Australia.

Asset class — type of investment such as Australian shares, property securities or Australian fixed interest.

Asset allocation — the range of assets held in the various asset classes such as Australian shares, overseas shares, and property.

Growth assets — assets expected to grow in value over time (although their value may rise and fall in the short term), such as shares and property.

Stable assets — assets held to generate an income rather than for long-term growth. They are sometimes referred to as 'debt' or 'defensive' assets. Examples are fixed interest and cash.

ASFA — Association of Superannuation Funds of Australia

FSC — Financial Services Council

How your Scheme works

Your Scheme is run by a trustee company, SA Metropolitan Fire Service Superannuation Pty Ltd ACN 068 821 750 according to its governing legal document, the trust deed, and superannuation law.

There are 7 Directors of the trustee company, 4 Employer Representatives that are appointed by the Employer and 3 Member Representatives.

The Member Representatives are appointed and elected from 2 separate groups. The United Fire Fighters Union Inc (UFU) nominates 3 Directors and Scheme members who are not eligible to join the UFU elect one Director. The period of office for a Member Representative Director is up to 3 years (or longer if the Trustee determines there are special circumstances). Subject to being renominated and being willing to accept the position, the Member Representative Director can be reappointed
or re-elected for a further term.

Directors who are either Employer or UFU nominated Member Representatives, will cease to hold office if the nomination by the relevant organisation is withdrawn or the Director becomes ineligible under relevant legislation.

For the Director elected by the Scheme members who are not eligible to join the UFU, he or she will cease to hold office if written notice to that effect is given to the Trustee by a majority of the relevant Scheme members, or the Director becomes ineligible under relevant legislation.

A formal set of rules governing the appointment and removal of Member Directors has been established and is available on request from the Manager (see page 22 for the Manager's details).

The Directors of SA Metropolitan Fire Service Superannuation Pty Ltd during the period from 1 July 2019 to 30 June 2020 were:

Employer Representatives
Garry Powell
Glenn Benham
Roy Thompson
Michael Morgan

Alternate Directors:
Paul Fletcher
Peter Mason

Member Representatives
Nominated by the UFU:
Max Adlam
Greg Chivers
Matt Watherston

Alternate Directors
Jesse Virgo

Elected by Scheme members who are not eligible to join the UFU:
Louise Gardner

Annual benefit statements delivered electronically

If you have provided your email address to the Scheme, your annual benefit statement is delivered via email as an e-statement. Your statement is available through your secure member online account at **www.samfs.superfacts.com**

If we don't hold an email address for you on record, we will mail your annual benefit statement to you. To change your annual benefit statement delivery method, please log into your secure member online account at **www.samfs.superfacts.com**

Advice about your super

While the Trustee and the Manager can give you information about your benefit in the Scheme, neither the Trustee, the Manager nor your employer can provide you with any financial advice taking into account your personal circumstances, needs and objectives.

If you require any personal advice about superannuation, you should consult an appropriately licensed financial adviser.

You can also access up-to-date information about your benefit in the Scheme by visiting the Scheme website at **www.samfs.superfacts.com**.
The website allows you to:

- view your account balance;
- update your contact details;
- update your beneficiaries;
- change your investment option(s); and
- view your contribution history, account deductions or surcharge details.

Your Scheme's advisers

These people provide assistance to the Trustee:

Accounting and tax services

Sharyn Long Chartered Accountants
Level 6, 216 Georges Tce
Perth WA 6000

Superannuation consulting

Mercer Consulting (Australia) Pty Ltd
Level 6, 70 Franklin Street
Adelaide SA 5000

Administration

Mercer (Australia) Pty Ltd
One International Towers Sydney
100 Barangaroo Avenue
Sydney NSW 200

Death and disablement insurance

Hannover Life Re of Australasia Ltd
Tower 1, Level 33
100 Barangaroo Avenue
Sydney NSW 2000

Auditing services

PricewaterhouseCoopers
Level 11, 70 Franklin Street
Adelaide SA 5000

Actuary

Mercer Consulting (Australia) Pty Ltd
727 Collins Street
Melbourne VIC 3000

Legal

DMAW Lawyers
Level 3, 80 King William Street
Adelaide SA 5000

Mercer Legal Pty Ltd
727 Collins Street
Melbourne VIC 3008

Investment manager

Funds SA
Level 20, 25 Grenfell Street
Adelaide SA 5000

Insurance protection

The Scheme pays for insurance to protect the Trustee, its Directors and the Scheme against the financial effects of any 'honest mistake' that might occur in running the Scheme.

Special tax treatment

Super is one of the most effective ways to save because it is taxed at a lower rate than many other forms of income. To get this tax advantage, your Scheme must operate according to a strict set of laws.

The Trustee is unaware of any event that occurred during the year that would affect this special tax treatment.

Fees and costs

The costs of running the Scheme are managed carefully.

This section shows fees and other costs you may be charged. These fees and costs may be deducted from your account, from the returns on your investment, or from the Scheme assets as a whole. You need to take into account the impact of tax as well.

You should read all the information about fees and costs because it is important to understand their impact on your investment. Please refer to the Scheme's Member Benefit Guide for more information.

You do not pay GST on any of the fees and charges set out below.

If you are a Defined Benefit member then fees and costs will not generally impact your defined benefit.

Fees and other costs table

Type of fee	Amount	How and when paid
Investment fee	Nil	The applicable investment fees and costs incurred in the Scheme's underlying investments are included in the indirect cost ratio below.
Administration fee	Permanent Employees: Nil Deferred members: Nil Parked and Spouse members: $4.61 per week Retained fire-fighters: $1.35 per week	This fee is deducted monthly.
Buy-sell spread	Nil	
Switching fee	1 free switch per year; subsequent switches are $30 each	The switch fee is deducted from your accumulation benefit at the time you switch investments.
Exit fee/Withdrawal fee	Nil	
Advice fees relating to all members investing in a particular product or investment option	Nil	

Other fees and costs[1]

Type of fee	Amount	How and when paid
Indirect cost ratio (ICR)	Ranges from 0.04% to 0.95%. The ICR is different for each investment option.	The ICR is calculated and applied in determining the weekly unit price for each investment option.

[1] Other fees and costs which may apply to you are: family law fees and activity fees. Please refer to the Additional Explanation of fees and costs on page 16 for details.

Additional explanation of fees and costs

This section provides further information on fees and costs.

Family Law: fees for information and for splitting your super – charged to members and/or their former spouses for various services

Where fees apply	Fee	Who pays the fee
Application for information – in the format specified under the Family Law Act – For Defined Benefit valuation – No valuation required	 $250 Nil	Payable by the person requesting the valuation.
Splitting a benefit	$385	Shared equally by both parties and will be deducted from each super benefit at the time the benefit is split.
Flagging a benefit	Nil	N/A

For more information about Family Law and how it may affect you, please call or write to the Manager.

Indirect cost ratio

The indirect cost ratio (ICR) shown includes fees and costs that are not deducted directly from your account that impact on your investment returns. This includes the fees and costs of managing your investments by specialist investment manager, Funds SA. The ICR shown excludes any performance-related fees and costs and any transactional and operational costs.

The investment management fee that Funds SA deducts before they declare returns covers costs such as fund manager fees (including performance-related fees), asset consulting fees, custodian fees, investment-related legal advisory fees, and an administration fee that covers expenses incurred by Funds SA in managing the funds as well as transactional and operational costs associated with the investments.

Investment option	ICR year to 30 June 2020 (%p.a.)
High Growth	0.95
Growth	0.94
Balanced	0.85
Moderate	0.72
Conservative	0.52
Capital Defensive	0.44
Cash	0.04

* Estimated investment-related expenses associated with the Scheme's investments in pooled investment products are included as indirect costs. Investment fees and indirect costs are taken into account in calculating the investment returns (positive or negative) to your account. These amounts can vary and cannot be calculated precisely in advance. The table above shows estimated indirect costs incurred which are estimated based on information for the 12 month period ended 30 June 2020. Actual amounts may vary.

Performance-related fees (RG97)

Some of the managers of pooled investment vehicles managed by Funds SA are entitled to a performance-related fees if they outperform certain benchmarks. The estimated performance-related fees (if any) for each of the investment options for the year ending 30 June 2020 are set out in the table below:

Estimated performance-related fees for year to 30/6/2020	
Investment option	**Fees (%)**
High Growth	0.10
Growth	0.10
Balanced	0.08
Moderate	0.06
Conservative	0.01
Capital Defensive	0.01
Cash	0.00

Performance related fees are not included in the indirect cost ratios shown for each option and are an additional cost to investors.

Surcharge tax

Prior to 20 June 2005, an additional 'surcharge tax' was charged on the super accounts of some higher income earners. This tax only applied to certain contributions and to some termination payments made by your employer.

Although this tax was abolished from 1 July 2005, it still applies to some contributions and termination payments that were made before 20 June 2005. In these cases, the Australian Tax Office (ATO) will issue surcharge tax assessments or amended surcharge assessments in respect of those contributions and termination payments.

If the Scheme is required to pay surcharge tax in relation to you, the tax payable is deducted from your super account in the Scheme. If you roll your super into the Scheme from another fund, any surcharge tax liability may be transferred to the Scheme.

If you leave the Scheme and we receive a surcharge assessment or an amended surcharge assessment for your account, we will return it to the ATO. The ATO will either forward it to your new fund or to you.

Insurance costs

For Defined Benefit members, insurance premiums are currently paid from the Scheme and factored into the contributions you and your employer make. If this arrangement were to change in the future you would be appropriately advised.

For Retained firefighters the insurance premiums are paid by your employer.

Any additional voluntary insurance premiums are deducted from your accumulation account.

There is no insurance cover for Parked, Spouse or Deferred members.

Indexation of fees

The administration fees for Parked and Spouse members and the withdrawal fee and termination fee set out in the 'Significant fees' table may be indexed annually each 1 April to AWOTE, with the next indexation occurring at 1 April 2021.

Fee increases (other than indexation)

The Trustee has the right to increase fees at any time. You will receive at least 30 days' notice of any increase in fees.

No-TFN tax refund fee

If we don't receive your Tax File Number (TFN) then additional tax is payable in respect of your concessional contributions (see the section 'You'll pay extra tax if the trustee does not have your TFN' in the Tax & super section of the Member Benefit Guide, available on the website, for more details). If you leave the Scheme and your super payout is paid from the Scheme before we receive your TFN, an allowance for this additional tax will be deducted from your super payout. A charge of $800 will apply if you subsequently provide your TFN and request that this additional tax be refunded and paid to you or rolled over to your new super fund from the Scheme. This fee is additional to the fees shown in the "Fees and other costs table".

Withdrawal fee

Since 1 July 2019, both withdrawal and exit fees are no longer charged.

Your 2020 super update

Source: Mercer

Protecting Your Super changes

The Protecting Your Super reform measures do not directly apply to the Scheme as it is an exempt public sector superannuation fund and not regulated by APRA.

From 1 July 2019:

- Fees are capped at 3% on accounts with balances less than $6,000
- Super funds cannot charge exit fees to any member, regardless of account balance
- A new ATO-based consolidation process requires super funds to transfer to the ATO all inactive accounts (no contributions or rollovers for at least 16 months) with balances below $6,000 and no insurance (some other exclusions apply too)
- The ATO is required to transfer "matched" accounts it holds to active accounts where the consolidated total is expected to exceed $6,000
- Insurance cover ceases for members with inactive accounts unless the member has elected to have or retain the cover.

Super guarantee (SG) change – salary sacrifice contributions

Some unscrupulous employers have been using their employees' salary sacrifice super contributions to reduce their employer SG payments. New legislation applying from 1 January 2020 outlaws this. From that date, an employer will not be able to count salary sacrificed super contributions against its SG obligations and must meet the SG on earnings including the salary sacrificed contributions.

Super guarantee change – partial opt-out for high earners with multiple employers

The Government has amended the SG legislation to introduce a partial SG opt-out facility aimed at allowing high income individuals to avoid unintentionally breaching their concessional contributions cap when they receive superannuation contributions from multiple employers. Refer to the ATO website for information about eligibility and the application process.

Contribute to super in the first year of retirement

Those aged between 67 and 74, who hold less than $300,000 in their super account (at the end of the previous financial year), can now make voluntary contributions to their super in the financial year following retirement without needing to satisfy the work test. This opportunity is only available in the year immediately following the year in which you last met the work test and can only be used once.

More flexible contribution rules for over 64s

Effective from 1 July 2020:

- the age at which the Work Test begins to apply for voluntary super contributions has increased from 65 to 67
- the age limit for spouse contributions has increased from 69 to 74.

A related announced change – increasing the maximum age for bring-forward of non-concessional contributions – was yet to be legislated at the time of preparation of this report.

Super co-contribution scheme threshold changes

Where your total income during the 2020-21 financial year is between $39,837 (increased from $38,564) and $54,837 (increased from $53,564), and you make an after-tax contribution to your super fund, the Federal Government will pay you 50 cents for each dollar you contribute to your super fund, up to a maximum. The maximum co-contribution is $500 if you earn less than $39,837 and reduces as your total income increases. If you earn more than $54,837, you will not get a co-contribution.

Eligibility conditions include that you will need to:

- not have contributed more than your non-concessional contributions cap,
- be under the age of 71, and
- have a total super balance of less than $1.6 million at 30 June 2020.

For more information, head to the ATO website.

Catch-up concessional contributions allow eligible Australians to put more into super

The 2020-21 financial year is the second year where eligible individuals can make additional catch-up concessional contributions by utilising unused concessional contributions cap amounts from previous years (note years prior to 2018-2019 are not eligible).

To be eligible to make a catch-up concessional contribution, your total superannuation balance must be less than $500,000 on 30 June of the previous financial year. Unused amounts are available for a maximum of 5 years, after which they will expire.

Financial summary

This is a summary of the Scheme's audited accounts for the year ended 30 June 2020. You can request a copy of the audited accounts and the auditors report from the Manager.

Statement of the change in financial position 2019-2020	
Scheme assets at 30 June 2019	**$425,258,211**
plus	
Net investment revenue	-$2,468,942
Employer and salary sacrifice contributions	$22,584,373
Member contributions	$1,700,599
Transfers from other funds	$2,846,741
Insurance proceeds	$554,960
Total revenue	**$25,217,731**
less	
Benefits paid	$18,025,431
General administration expenses	$371,420
Other operating expenses	$771,005
Insurance premiums	$1,499,755
Income tax expense	$2,135,652
Total expenses	**$22,803,263**
Net assets as at 30 June 2020	**$427,672,679**

Financing the Defined Benefits

Under the financing arrangements for permanent employees' benefits, the Employer pays a contribution of the Superannuation Guarantee amount plus 4% of members' superannuation salaries.

Statement of financial position 30 June 2020	
Investment by facility	
Investments	$434,352,331
Cash at bank	$2,040,166
Other assets	$54,942
Receivables	$20,602
Total assets	**$436,468,041**
Liabilities	
Benefits payable	$0
Provisions for tax	$8,679,459
Other liabilities	$115,903
Total liabilities	**$8,795,362**
Net assets as at 30 June 2020	**$427,672,679**

These accounts were prepared by Sharyn Long Chartered Accountants.

Superannuation salary is based on the salary at 1 April each year and changes for Scheme purposes at each 1 July.

Members are required to pay the relevant contribution rate based on their age at the date joining the Scheme.

Each year, the Scheme's actuary conducts a review of the Scheme's financial position to determine if the contributions being made are sufficient to meet the ongoing financial requirements of benefits to members.

What to do when you leave

Permanent employees

Following your termination of employment with a participating employer, you have 90 days from when you receive your termination letter from the Scheme to make arrangements for your super. If you don't advise the Trustee of where your benefit is to be paid you will remain in the Scheme as a Parked member effective from the date of your termination of employment.

If you are under age 50 and you don't provide the Trustee with any instructions regarding your benefit, the amount of your benefit will be based on the amount payable for the Immediate benefit as detailed in the Scheme's Member Benefit Guide and you will no longer have the option to select the Deferred benefit.

If you are aged 50 or more, and you don't provide the Trustee with any instructions regarding your benefit, the amount of your benefit will be based on the amount payable for the Retirement Benefit.

It is important to note that your Defined Benefit derived portion will be invested in the Growth investment option if under age 50 (and you choose the Immediate Benefit option) or in the Cash investment option if over age 50, effective from the date of your leaving service, and will accumulate with investment earnings which may be positive or negative. Any Accumulation derived benefit will be invested in your chosen investment option/s and will accumulate with investment earnings which may be positive or negative.

If you are a Permanent employee under age 50 and choose the Deferred Benefit option, the Defined Benefit component of the Deferred Benefit will remain in the Scheme until you request payment after age 50. This component will be indexed annually by the movement in the Consumer Price Index (CPI Adelaide – All Groups) subject to a minimum of zero, from the date you cease service to your 50th birthday. After age 50 the benefit will be allocated investment earnings applicable to your chosen investment option which may be positive or negative.

Retained fire-fighters

If you are about to leave work and take your super, make sure you respond promptly to letters from the Trustee about your benefit payment.

If you have reached age 65 and have not told your Scheme how and where to pay your benefit, and you cannot be contacted, then your benefit will be considered unclaimed money. It will then be placed with the ATO or relevant State or Territory authority. You will then need to contact the ATO or State or Territory authority to find out how to claim your benefit.

If you are aged 64 or younger, and you do not respond to the Trustee within 90 days of leaving, your benefit may be transferred to an Eligible Rollover Fund (ERF). Upon transfer, you will no longer be a member or have any rights under the SA Metropolitan Fire Service Superannuation Scheme.

ERFs are designed as holding funds and are required to provide member protection. As a result, the rate of return in the ERF may be lower than in another superannuation fund. You should seek professional financial advice about the best place to roll over your benefit when you leave employment.

The Scheme uses the following ERF:

Australian Eligible Rollover Fund

About the Australian Eligible Rollover Fund

Set out below is a summary of some of the more significant features of the Australian Eligible Rollover Fund (AERF):

- As the AERF is designed to be a temporary repository for member benefits, the Trustee of the AERF considers that a conservative diversified investment strategy is appropriate for its members.
- The investment return objective is to achieve a return which outperforms CPI by 2% per annum, after fees, over rolling 2 year periods.
- The AERF doesn't have investment options. Instead, Trustee invests the AERF's assets across a range of investment products offered by the appointed investment managers.

- The AERF cannot accept any contributions from members, their spouses or employers.
- The AERF does not provide insurance benefits to members.

Should you wish to know more about the AERF, please call on 1800 677 424. For a copy of their Product Disclosure Statement, visit **www.perpetual.com.au/super-funds-aerf.aspx** or email on: aerfenquiries@perpetual.com.au

Like to know more?

As a member of the SA Metropolitan Fire Service Superannuation Scheme, you already have access to a Member Benefit Guide containing information about your benefits and rules governing the Scheme. You also receive an annual Benefit Statement containing important personal information about your benefits in the Scheme. All of these documents and more are available at **www.samfs.superfacts.com**

Other documents relating to the Scheme that are available for you to look at are:

- the trust deed and rules,
- the investment policy statement,
- the enquiries and complaints procedure, and
- the Privacy Policy.

If you have a question about your benefits in the Scheme, please contact the Manager. Please note that neither the Trustee, its directors nor the Manager are able to give any financial advice relating to your own personal circumstances.

If you need personal financial advice, you should speak to a licensed financial adviser.

The Manager is:
Mr Alan Kent
Manager
SA Metropolitan Fire Service Superannuation Scheme
99 Wakefield Street
Adelaide SA 5000
Phone: (08) 8204 3826
Fax: (08) 8204 3610
Email: alan.kent@sa.gov.au

Your website

At the SA Metropolitan Fire Service Superannuation Scheme, we're keen to ensure you have fast and easy access to information about your super, presented in a way that is easy to understand.

The website is divided into 2 parts – a public area and a secure member area.

The public area of the website

The public homepage provides information about the Scheme, the latest Annual Report, and includes the Scheme's documents and forms. It also includes a range of planning tools and an article library which has special interest and education articles on a range of financial topics, not just super.

The secure member area of the website

To access the secure member area, go to the 'Sign in' section in the top right hand side of the homepage (see below for sign in information). This area allows you to:

- check your current account balance,
- view your preferred dependant details and update them if required,
- download your annual Benefit Statements since 30 June 2007,
- download documents & forms,
- view a year-to-date statement of your account (Accumulation members only),
- view a history of transactions for your account ,
- change your PIN/password,
- see how your super is invested and make changes to your investment strategy online,
- stay on top of your contributions, including how you're tracking against the annual contribution limits,
- monitor taxes and any fees deducted from your account, and
- view a summary of administration workflow related to your super.

Sign-in today to manage your account online

Sign-in to your member account at **www.samfs.superfacts.com** and get up-to-date information about your account at any time.

You'll need your member number (your Personal ID as shown on your latest Benefit Statement) and your PIN/password to access your personal account online.

Forgotten your PIN/password?

Call the Mercer Helpline on 1300 132 573 and one of their friendly consultants will assist you.

Mobile website

You can also login using our mobile website – your super on the go!

The mobile friendly version of the site allows you to see your:

- super balance,
- transaction history,
- personal details,
- investments, and
- contributions.

You can also update your PIN/password and, if you have any website related questions, there is a click through capability to call the Helpline or the Manager for information regarding the Scheme.

To access the new mobile site, simply enter **www. samfs.superfacts.com** into your smartphone browser and get your super on the go! Alternatively you can scan the QR code above using the QR reader in your smartphone and it will take you directly the mobile site.

Enquiries and complaints

Most queries can be sorted out over the phone, but if we are unable to help you immediately, you can make a complaint over the phone or by writing to:

Enquiries and Complaints Officer
SA Metropolitan Fire Service Superannuation Scheme
GPO Box 98
ADELAIDE SA 5001

The Complaints Officer will generally reply to your enquiry as soon as possible. By law your complaint should be resolved within 90 days. Sometimes further time is required for complicated matters. If more time is needed you will be advised.

If you have a complaint and you are not satisfied with the response, or the matter can't be resolved, you may be able to refer the matter to The Australian Financial Complaints Authority (AFCA). AFCA is an independent body which is set up to help resolve disputes between super funds and their members.

AFCA can be contacted at

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Protecting your privacy

Your Scheme holds personal information about you, such as your name, address, date of birth, salary and tax file number in order to provide your super benefits. This personal information may be disclosed as necessary to the Scheme's administrator and professional advisers, insurers, Government bodies, employers, and other parties.

The Scheme has a privacy policy that sets out in more detail the way your personal information is handled. If you would like a copy of the Scheme's privacy policy, please contact the Scheme's Privacy Officer Mr Alan Kent on (08) 8204 3826.

248106 - SAMFS - Annual Report - Sept 2020 - v5