



Fees and other costs

Issued 2 June 2016



The information in this document forms part of the Product Disclosure Statement for the Australian Defence Force Superannuation Scheme (ADF Super), first edition, issued on 2 June 2016. ADF Super is available from 1 July 2016.



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 account balance 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 or your employer may be able to negotiate to pay lower fees.* 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 based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (moneysmart.gov.au) has a superannuation calculator to help check out different fee options.

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees or advice fees for personal advice may also be charged, but these will depend on the nature of the activity or advice chosen by you.

Taxes and other costs are set out in the **Tax and your ADF Super** booklet, available at adfsuper.gov.au

You should read all the information about fees and other costs because it is important to understand their impact on your investment.

* We are required by law to provide you with this information. You cannot negotiate to pay lower administration fees. The calculator on the ASIC website can be used to calculate the effect of fees and costs on account balances.

Your ADF Super in Action

Any financial product advice in this document is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation or needs. You may wish to consult a licensed financial advisor. You should obtain a copy of the ADF Super Product Disclosure Statement (PDS) and consider its contents before making any decision regarding your super.

Commonwealth Superannuation Corporation (CSC) ABN: 48 882 817 243 AFSL: 238069 RSEL: L0001397
Trustee of Australian Defence Force Superannuation (ADF Super) ABN: 90 302 247 344 RSE: R1077063

The main fees and costs involved in investing in the investment options are set out below.

Type of fee	Amount	How and when paid
Investment fee	Nil Refer to Additional explanation of fees and costs.	
Administration fee	\$5 per month (\$60 per annum)	Charged monthly in arrears and deducted from your account at the beginning of the following month. This fee will be charged on a pro-rata basis for the time that you are a member of ADF Super.
Buy-sell spread	Cash 0% (estimated) Income Focused 0.145% (estimated) MySuper Balanced 0.150% (estimated) Aggressive 0.150%	Deducted from your account when you buy or sell units.
Switching fee	Nil for the initial nomination of investment options if made within 30 days of joining ADF Super. Nil for the first two (2) switches in any financial year. Additional switches are \$20 each.	Deducted from your account when the switch is processed.
Exit fee	\$50 per withdrawal	This fee will be deducted from the amount withdrawn when the withdrawal is processed.
Advice fees relating to all members investing in a particular product or investment option	Nil	No advice fees are deducted directly from your account. Advice on contribution levels and investment choice is available to members with no direct charge (this is known as 'intra-fund advice' or 'single issue advice'). The cost of providing intra-fund advice is paid out of the Fund and is reflected in the indirect cost ratio. If you obtain personal financial advice, you may be charged a 'fee for service' by your financial adviser. Refer to Additional explanation of fees and costs .
Other fees and costs	Refer to Additional explanation of fees and costs .	
Indirect cost ratio	Cash 0.12% pa Income Focused 0.44% pa MySuper Balanced 0.88% pa Aggressive 1.28% pa The indirect cost ratios are estimates calculated using the average net assets of each of the investment options.	Deducted from the value of the underlying assets for each investment option before determining each option's unit price each business day.

Additional explanation of fees and costs

Defined fees

Activity fees

A fee is an activity fee if:

- a. the fee relates to costs incurred by Commonwealth Superannuation Corporation (CSC) as the trustee of the superannuation entity that are directly related to an activity of the trustee:
 - i. that is engaged in at the request, or with the consent, of a member; or
 - ii. that relates to a member and is required by law; and
- b. those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee or an advice fee.

Administration fees

An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:

- a. relate to the administration or operation of the entity; and
- b. are not otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee or an advice fee.

Advice fees

A fee is an advice fee if:

- a. the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
 - i. a trustee of the entity; or
 - ii. another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- b. those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee or an activity fee.

Buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Exit fees

An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Indirect cost ratio

The indirect cost ratio for an investment option offered by a superannuation entity is the ratio of the total of the indirect costs for the investment option to the total average net assets of the superannuation entity attributed to the investment option.

Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

Investment fees

An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:

- a. fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b. costs incurred by the trustee that:
 - i. relate to the investment of assets of the entity; and
 - ii. are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee or an advice fee.

Switching fees

A **switching fee** for a MySuper Product has the meaning given by subsection 29V(5) of the SIS Act and, for superannuation products other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

Investment fees and the indirect cost ratio

We do not charge any investment fees directly to your account. We pay investment fees and costs – these include fees paid to investment managers, custodian costs, investment consulting costs, internal investment costs and other expenses incurred in investing the assets of the Fund. These fees and costs are reflected in the indirect cost ratio and are deducted from the overall investment returns of an investment option before determining the unit price. They are not directly deducted from your account as a separate transaction.

The operational risk reserve may form an additional cost impacting the indirect cost ratio. Funding and maintaining an operational risk reserve is a requirement of the Australian Prudential Regulation Authority. For more information about the operational risk reserve, go to the **Investment options and risk** booklet available at adfsuper.gov.au

Performance based fees

We pay performance based fees to some of our investment managers. If, and only if, the performance of an investment manager exceeds certain benchmarks, they will become entitled to a performance based fee and this will increase the indirect cost ratio as the performance based fee is deducted from earnings before the return to the Fund is calculated. Performance fees do not affect administration fees.

Actual performance based fees will depend upon the level of performance achieved by investment managers that charge performance based fees and the weighting of those managers in the relevant investment option.

The estimates of performance based fees reflected in unit prices are regularly reviewed and changes could be made, for example, due to changes to the asset allocation or changes to the weighting and composition of, or the fees charged by, underlying investments.

Activity based fees

Family law fees

A fee of \$170 for members and \$187 (\$170 plus GST) for non-members is payable upon initial request for family law related services for the preparation of a response to a request for superannuation information made in accordance with family law legislation. This fee covers the cost of administrative work required to respond to a request.

A fee of \$110 is charged to split a member's account due to family law arrangements.

Advice fees

Advice on contribution levels and investment choice is available by calling 1300 277 777. Members are not charged directly for this service. The cost of providing this service to members is paid by the Fund.

Fee for service

CSC has partnered with experienced financial planners from Industry Fund Services (ABN 54 007 016 195, AFSL 232514) to bring a personal financial advice service to you.

It is 'fee for service' advice, which means you receive a fixed quote upfront. There are no obligations, commissions or hidden fees – you know the exact cost upfront. We do not pay commissions to financial planners.

To arrange an initial appointment please call 1300 277 777 during business hours.

Buy-sell spread

When we buy or sell investments, ADF Super incurs costs such as brokerage and taxes. To ensure that other members do not bear the cost of these transactions, we pass this cost on to you when you contribute, withdraw or switch money between investment options. This is an additional cost to you, paid to cover the costs of ADF Super in undertaking the transactions.

The way we pass these costs on is by using a buy-sell spread. A buy price applies when acquiring units – for example, when you or your employer makes contributions or you switch into a new investment option. A sell price applies when selling units – for example, when you leave ADF Super or switch out of an investment option. There may be a difference between the buy and sell price, referred to as a buy-sell spread. Buy-sell spreads can change from time to time. No part of the buy-sell spread is paid to CSC or any underlying investment manager.

The table below shows the estimated buy and sell spread for each investment option expressed as a percentage and shows worked examples.

Buy-sell spreads for each investment option (estimated)

Investment option	Buy spread (estimated)	Sell spread (estimated)	Worked example – estimated buy spread
Cash	0%	0%	x \$5,000 =\$0
Income Focused	0.145%	0.145%	x \$5,000 =\$7.25
MySuper Balanced	0.150%	0.150%	x \$5,000 =\$7.50
Aggressive	0.150%	0.150%	x \$5,000 =\$7.50

Changes to fees and costs

We may change these fees and costs from time to time. We will let you know of any fee change that we believe will materially affect you at least 30 days before the change takes effect.

GST

All fees and costs in this section are inclusive of GST less any reduced input tax credits the Fund may be entitled to.

Tax deductions

The benefit of any tax deductions, available in relation to administration fees, will be returned to you on or about the time that the fee is deducted. For more information on tax refer to the **Tax and your ADF Super** booklet available on our website.

Example of annual fees and costs for MySuper Balanced

This table gives an example of how the fees and costs for MySuper Balanced can affect your superannuation investment over a one year period. You should use this table to compare this superannuation product with other superannuation products.

Example – MySuper Balanced		Balance of \$50,000
Investment fees	Nil	For every \$50,000 you have in the MySuper product you will be charged \$0 each year.
Plus administration fees	\$60	And, you will be charged \$60 in administration fees regardless of your balance.
Plus indirect costs for MySuper Balanced	0.88%*	And, indirect costs of \$440 each year will be deducted from your investment.
Equals cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$500 for MySuper Balanced.

* We are required by law to provide you with this information. These fees are based on estimated indirect costs incurred. Future costs may differ from those shown. Additional fees may apply, for example a family law fee of \$170. ADF Super fees are non-negotiable.

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