



Australian Government
Commonwealth Superannuation Corporation

ADF Super

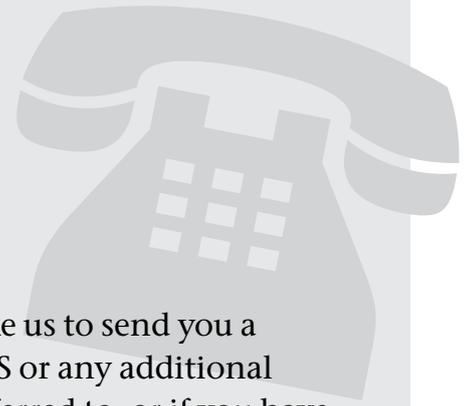
Australian
Defence Force
Superannuation

Product Disclosure Statement

First edition,
issued 2 June 2016

Contents

1. About ADF Super.....	2
2. How super works.....	3
3. Benefits of investing with ADF Super.....	3
4. Risks of super.....	4
5. How we invest your money.....	5
6. Fees and costs.....	5
7. How super is taxed.....	7
8. How to open an account.....	8



Contact us

If you would like us to send you a copy of this PDS or any additional information referred to, or if you have any questions about the content or ADF Super, call us on **1300 203 439** or contact us using the details located at the back of this publication.

1. About ADF Super

Australian Defence Force Superannuation Scheme (ADF Super or the Fund) (ABN 90 302 247 344, RSE R1077063) was established by the *Australian Defence Force Superannuation Act 2015* to provide superannuation services and products to employees of the Australian Defence Force from 1 July 2016.

ADF Super is a 'profit-for-members' accumulation fund which means that your super accumulates with investment earnings to form your retirement benefit, commissions are not paid and all net investment returns are returned to members – offering you a cost-efficient, long-term way to save for your retirement. ADF Super offers a MySuper product as well as choice products. Dashboards for each product can be viewed on the **Investments** page at adfsuper.gov.au

Commonwealth Superannuation Corporation (referred to as CSC, we or us) (ABN 48 882 817 243, AFSL 238069, RSEL L0001397) offers, and is responsible for, all aspects of ADF Super including investment strategy, administration and member communications. With over 30 years' experience, CSC understands the employment conditions of Australian Defence Force employees.

CSC is licensed under the *Corporations Act 2001* and the *Superannuation Industry (Supervision) Act 1993*, and is the trustee of five regulated superannuation schemes: ADF Super, MilitarySuper, Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) and Public Sector Superannuation Accumulation Plan (PSSap), and administers five unregulated/exempt public sector schemes, including DFRDB and DFRB. For more information visit csc.gov.au



Important note about this Product Disclosure Statement (PDS)

This PDS is a summary of significant information and contains a number of references to important information. Information referred to in a coloured box marked with  forms part of the PDS. Other information referred to does not form part of this PDS. You should consider that information before making a decision about ADF Super.

Any information in this document is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this document may change from time to time. Information that is not materially adverse to you may be updated on our website, adfsuper.gov.au, or contact us for a free paper copy. You can find information about trustee and executive remuneration and other mandated disclosure materials (as required by law) in the **About us** section of the website.

The offer to which this document relates is available only to persons eligible from 1 July 2016 to become a member of ADF Super under the *Australian Defence Force Superannuation Act 2015* receiving this document (electronically or otherwise) in Australia.

2. How super works

Superannuation (super) is a long-term way to save for your retirement which is, in part, compulsory and most people have the right to choose into which fund their employer should direct their superannuation guarantee contributions. Depending on when you retire, your retirement income may need to last for 20 years or more. Super funds pool members' contributions and invest them for the benefit of their members.

Putting money into your super

From 1 July 2016 ADF Super offers eligible members the opportunity to receive employer contributions, make voluntary contributions from either their before-tax (salary sacrifice) or after-tax salary and transfer in super from other superannuation funds. There are limitations on the contributions you can make to your super. You may, depending on your income, also be entitled to government co-contributions.

Withdrawing your super

There are limitations on making withdrawals from your super. In most cases, you can only withdraw your super when you reach your preservation age and retire permanently from the workforce. However, you may be able to access your super or some component of it earlier in some cases.

Super and tax

The government provides tax savings in relation to superannuation. For more information, go to **section 7**.

3. Benefits of investing with ADF Super

Profit for members

ADF Super is a profit-for-members fund which means that we return all net investment returns to members.

Competitive costs

ADF Super offers employees of the Australian Defence Force the ability to be part of the Government super environment together with a competitive fee structure. ADF Super pays no commissions to financial planners. There are, however, some fees and charges that we will deduct from your account. For more information, go to **section 6**.

Investment choice

You can choose to invest in one or more of four investment options – **Cash**, **Income Focused**, **MySuper Balanced** and **Aggressive** to suit your goals and risk tolerance. For more information, go to **section 5**.

Level of employer contributions

We attract a level of employer contribution well above the superannuation guarantee. Under the current ADF Super rules, your employer must contribute at least 16.4% of your super salary to your account, subject to superannuation law.

Insurance

There is no insurance in ADF Super. However, ADF Super members are eligible for death and invalidity cover through ADF Cover in the event of injury or death. For more information, please go to adfcovers.gov.au

Information

Our member communications program brings information to you at your place of work with educational seminars, email updates and online services at your fingertips.

You can reach us when you need to by email, phone, fax and letter, whichever is most convenient for you.

For more information about ADF Super go to adfsuper.gov.au



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

4. Risks of super

Super, like any investment, has some level of risk. Each of the investment options you can choose has exposure to a range of asset classes with different weightings and different risk levels. 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. Those assets with potential for the highest return over the longer term (such as equities) also have the highest risk of losing their value in the shorter term.

Risk can be managed and even minimised, but cannot be eliminated. No matter how skilled the investment manager, or how strong performance has been in the past, the level of returns will vary, and future returns may differ from past returns. Returns are not guaranteed

and there is always a chance you could receive less than you invested. There is a risk that the amount of your superannuation benefit (including contributions and returns) may not be enough to provide adequately for your retirement. Superannuation laws are also subject to change.

The opportunity to choose how you invest your super carries with it a responsibility to make well-informed decisions suitable to your personal objectives, financial situation and needs. The level of risk appropriate for each person will vary depending on a range of factors, including age, investment timeframes, risk tolerance and other investments.

Significant risks which may affect your super are outlined in the following table.

Risk	Description
Inflation	Inflation may exceed the return on investment.
Asset investment risk	Individual assets we buy can (and do) change in value for many reasons, such as changes in the internal operations or management of a fund or company we invest in, or in its business environment.
Market risk	Economic, technological, political or legal conditions, and even market sentiment, can (and do) change, and this can affect the value of investments.
Interest rate risk	Changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns.
Currency risk	We invest in other countries and if their currencies change in value relative to the Australian dollar, the value of the investment can change.
Derivatives risk	We may use derivatives to reduce risk or gain exposure to investment markets when we think it appropriate. Risks associated with these derivatives include the value of the derivative failing to move in line with the underlying asset, market or index.
Counterparty risk	Counterparty risk is the risk that the other party to a contract cannot meet its obligations under the contract. This may have a negative effect on the value of the investments in the Fund should this occur.
Fund risk	Risks particular to the Fund include that it could cease operation, fraud against CSC could occur, Board restructure and/or our investment professionals could change.
Liquidity risk	Assets that we invest in can become difficult to trade under certain market conditions.
Super laws	Changes are frequently made to superannuation law and may affect your investment and your ability to access it.
Changes to tax	Changes can occur to taxes on investments or super generally, which may affect the value of your investment.

If you require assistance to understand investment risk and to determine the investment option which is right for you, please contact a licensed financial planner.



Further information about the risks of ADF Super (including the various investment options) is available in our **Investment options and risk** booklet. You should read the important information about risks before making a decision. Go to adfsuper.gov.au. The material relating to risk may change between the time when you read this Statement, and the day when you acquire the product.

5. How we invest your money

We pool your super contributions with those of other members and invest it according to the investment options you choose.

Your investment options

You can invest in one or more of four investment options – **Cash, Income Focused, MySuper Balanced and Aggressive**. You can change your investment options online or by completing the **Investment choice** form available on our website at adfsuper.gov.au



When choosing an investment option you must consider the:

- > amount of time your money will be invested before retirement;
- > likely investment earnings; and
- > level of risk and fluctuation in the value of your investment that you can tolerate.

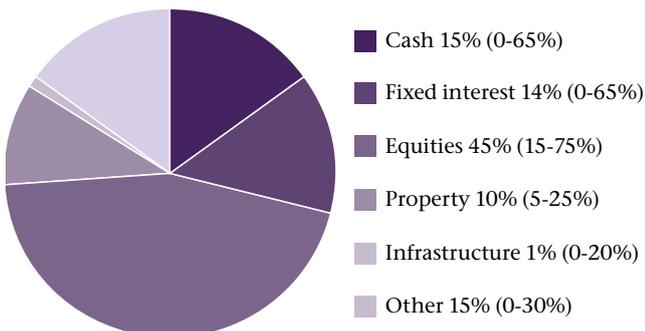
MySuper Balanced – our default option

If you do not choose an investment option, we will invest your money in our default option, MySuper Balanced. This investment option invests across a range of asset classes and has a medium-to-high level of risk. The investment objective is to outperform the Consumer Price Index (CPI) by 3.5% per annum over 10 years.

The MySuper Balanced option is designed to invest in different types of investments that tend to perform independently of each other. By diversifying in this way, MySuper Balanced reduces its reliance on equity market returns and aims to provide a smoother pattern of long-term returns.

This investment option may be suitable for those investors prepared to take more risk in exchange for potentially higher returns on their investment over the medium-to-long term. The minimum suggested time frame for holding this option is 10 years. With a medium-to-high risk rating, it is estimated that the option will have a negative return (ie will lose value) in three to four years of any 20 year period.

The following graph sets out the type of assets that make up the MySuper Balanced option, their target and permitted range of asset allocations.



You should read the important information about all of the investment options before making a decision. Go to the **Investment options and risk** booklet available at adfsuper.gov.au

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 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.

* 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.



You should read the important information about all fees and other costs before making a decision. Go to the **Fees and other costs** booklet available at adfsuper.gov.au. More information on section 29V SIS Act fee definitions is also available at legislation.gov.au/Series/C2004A04633. The material relating to fees and other costs may change between the time when you read this Statement and the day when you acquire the product.

Fees and costs for MySuper Balanced

The main fees and costs involved in investing in MySuper Balanced are set out below. The information in this table can be used to compare costs between different superannuation products. Fees and costs are paid by you or from the Fund assets as a whole, depending on the fee charged.

Type of fee	Amount	How and when paid
Investment fee [†]	Nil	
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	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, insurance needs 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 planner. Refer to the Fees and other costs booklet available at adfsuper.gov.au
Other fees and costs	Refer to the Fees and other costs booklet available at adfsuper.gov.au	
Indirect cost ratio [‡]	Estimated at 0.88% pa of the average net assets of the Default Fund.	Deducted from the value of the underlying assets before determining the unit price each business day.

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 the Fund		If your balance was \$50,000, then for that year you will be charged fees of \$500 for MySuper Balanced.

[†] 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 before determining the unit price. They are not directly deducted from your account as a separate transaction.

[#] 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.

Changes to fees and costs

We may change these fees and costs from time to time without your consent. 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.



We do not pay commissions or adviser service fees to financial planners. However, you may pay 'fee for service' fees if you consult a financial planner. Refer to the Statement of Advice from your financial planner for more details.

7. How super is taxed

Super can be taxed in three ways:

- > contributions going into a fund can be taxed;
- > investment earnings of a fund can be taxed; and
- > tax may be payable on the benefits you receive from a fund.

Investment earnings and benefits paid by the Fund are taxed at concessional rates and benefits for people over 60 are generally not taxed as ADF Super is a complying super fund for the purposes of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and Regulations.

This table provides an outline of the taxes that apply to super.

Type of tax	When does it apply	Rate of tax
1. On your contributions (personal and employer)	Personal contributions paid from net income after tax where no tax deduction has been claimed.	<ul style="list-style-type: none"> > Nil on amounts up to \$180,000 a year > 49% (including Medicare levy and the temporary budget repair levy) on amounts more than \$180,000 a year or you may elect to withdraw the excess contributions and associated earnings. > If you're under 65: you can contribute up to \$540,000 over a three-year period tax-free as long as you contribute no more in that three-year period. Any contributions over \$540,000 in that three-year period will be taxed at 49%.
	Transfers from other funds (unless transferred amounts are from untaxed sources, such as employer eligible termination payments).	Nil 15% for transfers from an untaxed source.
	Employer contributions and salary sacrifice before tax contributions.	<ul style="list-style-type: none"> > If you are under age 49 on 30 June 2016: 15% on amounts up to \$30,000 and amounts more than \$30,000 will be taxed at your marginal tax rate, plus an interest charge > If you are aged 49 or over on 30 June 2016: 15% on amounts up to \$35,000 and amounts more than \$35,000 will be taxed at your marginal rate, plus an interest charge.

	Contributions made to the ADF Super for you by your spouse or partner.	Nil
2. On our investment earnings	Deducted from Fund earnings and reflected in daily unit prices.	Up to 15%
3. On your lump sum benefit payments	Benefit paid to you.	Up to 20% plus Medicare levy (generally not taxed if you are over 60).
	Benefit paid to your dependants as a result of your death.	Nil
	Benefit paid to a non-dependant as a result of your death.	15% plus Medicare levy

We are authorised to collect your Tax File Number (TFN) under the SIS Act. You do not have to supply it, but if we do not have your TFN:

- > benefits paid to you may be subject to a higher rate of tax (if you later supply your TFN, you may reclaim the additional tax from the ATO);
- > we will not be permitted to accept contributions, other than employer contributions for you;
- > your employer contributions will be taxed at a higher rate (although a refund may be available on the extra tax paid after you supply the TFN); and
- > it will be more difficult and could take longer for us to identify, consolidate and transfer your superannuation accounts.



There will be tax consequences if you make contributions in excess of the applicable caps.

You should supply your TFN as part of investing in ADF Super.

Tax in super is very complex and subject to change from time to time. This section of the PDS is only intended to provide a summary about the tax implications of super. We recommend that you seek advice from a licensed professional and refer to the ATO website ato.gov.au

You should read the important information about tax and your super before making a decision. Go to the **Tax and your ADF super** booklet available at adfsuper.gov.au. The material relating to tax may change between the time when you read this Statement, and the day when you acquire the product.

8. How to open an account

ADF Super is the default fund for most employees of the Australian Defence Force from 1 July 2016. Eligible members automatically become a member unless they choose to join another fund.

Making a complaint about your super

Call us on **1300 203 439**. If you're not satisfied with the response, ask to speak to a supervisor. If you still feel the issue has not been explained or resolved to your satisfaction, ask to be transferred to the ADF Super Complaints Officer or write to the ADF Super Complaints Officer at the address provided below or by email to **complaints@adfsuper.gov.au**

How we will communicate with you

Where we have your email address or mobile phone number, we'll communicate with you electronically unless you specifically request otherwise. Electronic communication means we'll keep you informed about important aspects of your super by email. Where we do

not have your email address, we'll communicate with you by text. If we do not have either your email address or mobile phone number, we'll send paper communications to your mailing address. You can check and update your communication preferences through **ADF Super Member Online** or by contacting us on **1300 203 439** or by email at **members@adfsuper.gov.au**

Privacy

We're committed to protecting your privacy. We collect personal information from you only for the purposes of providing superannuation products and information to members, including the administration of superannuation legislation and rules, and for any other directly related purposes. Your personal information will be disclosed to Superannuation Administration Corporation trading as Pillar Administration (Pillar) ABN 80 976 223 967, AFSL 245591, for the purposes of establishing, administering and releasing your account. Your personal information will not be otherwise used or disclosed unless required or permitted under law. A full copy of our privacy policy is available at **adfsuper.gov.au** or by calling us on **1300 203 439** and asking us for a copy.

 **EMAIL**
members@adfsuper.gov.au

 **WEB**
adfsuper.gov.au

 **PHONE**
1300 203 439

 **OVERSEAS**
+61 2 4298 6031

 **FINANCIAL ADVICE**
1300 277 777

 **FAX**
1300 204 314

 **POST**
ADF Super
Locked Bag 9400
WOLLONGONG DC
NSW 2500