VicSuper

VicSuper Term Allocated Pension

Product Disclosure Statement

1 November 2020

VicSuper Term Allocated Pension

This publication is a Product Disclosure Statement (PDS). It sets out the features, costs, benefits and risks of the VicSuper Term Allocated Pension (TAP).

Please note that this product was closed to new members on 20 September 2007 and this PDS is only provided as a result of the successor fund transfer between Aware Super, formerly known as First State Super (known as 'the Fund') and the Victorian Superannuation Fund (VicSuper Fund).

The TAP is issued by Aware Super Pty Ltd (the Trustee) as a result of the successor fund transfer of the VicSuper Fund to the Fund on 1 July 2020.

The same terms and conditions that applied in the VicSuper Fund will continue to apply to the payment of your TAP in the Fund. You cannot make any changes to the term of your TAP, the reversionary beneficiaries that you have nominated (if any), nor make any further contributions to your account.

The investment options that your TAP was invested in remain unchanged (with the exception of the combining of some assets at the sub-asset class level. See page 24 for details) except the assets are now held by the Trustee. Please see page 26 for further information about the investment options available for your TAP.

As the TAP invests in the same way as VicSuper Flexible Income (without TTR), for information relating to performance, fees and unit pricing for the TAP, please refer to the VicSuper Flexible Income (without TTR) content at **vicsuper.com.au**

Benefits and risks of the VicSuper TAP

The TAP is part of the Fund. It allows you to invest your super in a low-cost, tax-effective environment while receiving a regular income. We allow you to choose the investment options that may best suit your needs and attitude to risk. There is an element of risk in all investments and negative returns are always possible.

When you started your TAP in the VicSuper Fund, you selected a fixed term over which your income payments were to be made. This term will continue in the Fund for the remaining period of the TAP. Your income amount is calculated each year (every 1 July) based on your account balance and the remaining term of your TAP. The TAP may not provide an income stream for the rest of your life.

Your account balance was transferred to the Fund from the VicSuper Fund as a result of the successor fund transfer of the VicSuper Fund to the Fund on 1 July 2020. It will continue to be determined by the amount that was transferred, the investment returns earned by the Fund, the Fund's fees and how much pension income is paid to you.

If you withdraw in full (available in limited circumstances) from your TAP, you may receive less money than you paid in because of income you have received, the level of investment returns earned, fees and the impact of tax.

Refer to pages 12 to 19 for further details of fees and other costs, and pages 42 to 43 for further details of taxes payable.

Issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340) as trustee for Aware Super (ABN 53 226 460 365). This product disclosure statement (PDS) has been prepared by Aware Super Pty Ltd (referred to in this document as the 'Trustee', 'we', 'us', 'our'), the trustee for Aware Super (referred to as 'Aware Super' or 'the Fund'). VicSuper is a division of the Fund, which includes the VicSuper Term Allocated Pension product. The Fund is governed by a trust deed ('Trust Deed') as amended from time to time. For a copy of the Trust Deed see **vicsuper.com.au/trustdeed** or alternatively, you can contact the Member Centre on **1300 366 216**.

VicSuper Term Allocated Pension was previously a product in the Victorian Superannuation Fund. It is issued by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to the Fund on 1 July 2020. The Victorian Superannuation Fund no longer exists as a separate fund.

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About the Fund

We are a profit-to-member fund which is open for anyone in Australia to join. VicSuper is a division in Aware Super (the Fund), which is the second largest super fund in Australia, managing more than $125 billion on behalf of 1 million Australians.[1]

VicSuper Term Allocated Pension was previously a product in the Victorian Superannuation Fund. From 1 July 2020, it is issued by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to Aware Super. The Victorian Superannuation Fund no longer exists as a separate fund.

VicSuper Term Allocated Pension forms one part of our retirement income solutions, which also includes other retirement income products and our advice service. This PDS is exclusively for the VicSuper Term Allocated Pension.

Investment options to suit your needs

We aim to maximise your long-term returns and offer a range of investment options, each with a different asset allocation. You may choose to invest your money in one option, or split your money across a mix of options. This allows you to select the investment strategy that suits your financial needs.

Financial advice to help you make decisions that work for you

We know retirement planning can be complex, which is why we offer advice, over the phone, digitally, and face-to-face.

You can choose from a range of services we offer:

- over the phone and digitally: general advice and simple advice limited to your interest in your super account at no additional fee, or
- face-to-face and over the phone: more complex financial advice on a fee for service basis. You only pay for the service you use.

Seminars and webinars

We run regular face to face and online seminars on superannuation, investment and retirement.

Helpful communications

As a TAP member, we will send you:

- an annual review letter in July advising you of your new income payment amounts
- benefit statements, at least annually
- an online Annual Report that keeps you up-to-date with our latest news.

You can sign up for electronic communications by providing your email address to us.

We don't provide written confirmation for certain types of transactions.

You can view all your transactions at VicSuper MembersOnline.

Call our Member Centre on **1300 366 216** for questions about your transactions or how you receive transaction confirmations.

Online account management

VicSuper MembersOnline is a secure interactive site on the VicSuper website, which allows you to:

- view and change your VicSuper TAP payment details, including your next payment date and amount
- view your account details
- view and print Centrelink information
- check your transaction history
- update your contact details
- view and change your investment options
- view your death benefit nomination
- view your benefit statements and Annual Report.

MERGING TOWARDS A BETTER FUTURE FOR MEMBERS – VICSUPER AND AWARE SUPER

On 30 June 2020, VicSuper merged with Aware Super (formerly First State Super) forming Australia's second largest super fund. Together we're proud to manage more than $125 billion in savings on behalf of more than 1 million Australians.[1] Like VicSuper, Aware Super is a profit-to-member fund with a core purpose to be a force for good in superannuation, retirement and advice, driving better outcomes for our members, their families and communities.

Our greater size and scale allows us to provide significant benefits to members such as increased investment opportunities and greater scope to improve products and services.

1. As at 31 August 2020

VicSuper Term Allocated Pension at a glance

Who can join?	This product is closed to new members.
Entry/exit fee	Nil.
Other contributions	You cannot make any further contributions into your account. If, after you open your account, you have other super funds from which you want to draw an income, you can open a second VicSuper pension (but not a TAP). Minimums will apply and separate fees will be charged to both your accounts.
Payment frequency	You have a choice of either twice monthly, monthly, quarterly, half-yearly or yearly income payments paid to an Australian financial institution of your choice.
Partial withdrawals or 'commutations' (in addition to income)	No partial withdrawals are allowed, however lump-sum withdrawals are allowed in limited circumstances. See page 11.
Pension term	The term which you selected when you joined this product in the VicSuper Fund.
Income payments	Your income payments are calculated each year at 1 July based on your account balance and the remaining term of your pension. You can vary your annual income payment amount by up to plus or minus 10% of the Government's set formula. Note: for the 2020/21 financial year only, you can vary your income payment amount by reducing the minimum payment by up to 50%. See page 9 for details.
Taxation	**Age 60 and over** No tax is payable on lump sum withdrawals. Tax may be payable in relation to the income streams. Generally, if the amounts received from the TAP and other capped defined benefit income streams exceed the defined benefit income cap for the year, then 50% of the excess is assessable.
Centrelink Asset Test	50% Assets Test exempt (as your TAP commenced prior to 20 September 2007).
Centrelink Income Test	Assessed against the Income Test, however Centrelink will apply a deductible amount.
Investment options	You can choose an investment option, or mix of options, from our range of investment options: Cash, Term Deposit, Capital Secure, Capital Stable, Balanced, Socially Conscious, Growth, Equity Growth and Australian Shares. If you did not choose an option when you opened a TAP in the VicSuper Fund, your account balance was invested in the Growth Option.
Changing investment options	Available at no charge generally on any business day (as long as there are no pending investment changes).
Fee structure	See pages 12 to 19 for details.

What are the benefits?

Tax benefits

If you are age 60 or over, no tax is payable on lump sum withdrawals (withdrawals are only permitted in limited circumstances).

Tax may be payable in relation to the income streams. Generally, if the amounts received from a TAP and other capped defined benefit income streams exceed the defined benefit income cap for the year, then 50% of the excess is assessable.

You do not pay tax on the investment earnings from a TAP, so your capital can grow in a tax-free environment. This is one of the advantages of a pension over alternative investment structures. The benefit of any imputation credits (where applicable) is taken into account in calculating the relevant unit prices.

Other benefits

Depending on your individual circumstances, a TAP may have improved your ability to access or increase Centrelink benefits.

All VicSuper TAP members are able to adjust their income payment details, including frequency and amount, at any time. This allows greater flexibility in managing and accessing your retirement savings.

You will receive income payments until the end of your selected term. If you die before the end of your TAP term, the balance can be paid to your dependants and/or legal personal representative or used to continue a pension for one of your dependants (unless they are adult children who must generally only receive a lump sum).

If the term of the TAP is based on your reversionary beneficiary's life expectancy, the TAP must generally be paid either to you, or in the event of your death, your reversionary beneficiary, until the end of the pension term.

What are the risks?

The risk/return trade off

All investments involve some level of risk. Typically, to grow your account over the long term, you need to take some risk. The key short-term risk is market volatility and the impact this can have on your account balance. The two main risks over the long term are that your savings are not enough to last your whole retirement, or don't keep up with the rising cost of living over time.

In general, investments that are volatile over short periods of time, such as Australian and international shares, grow more over longer periods. By contrast, investments like cash and fixed income tend to produce more stable returns, but may not generate the returns you need to reach your retirement goals. This is often called the risk/return trade off and is a key thing to keep in mind when choosing an investment option.

If you are unsure about the level of risk appropriate to your needs and circumstances, you should seek financial advice.

Investment risks

Some of the most significant investment risks which can have an impact on your account include:

Inflation risk – while your investment may produce a positive return, there is a risk that your savings do not keep up with the rising cost of living over time (inflation). One way you can help manage this risk is by investing in assets that are expected to generate returns in excess of inflation over the medium to long term. Each of our diversified options has been designed to generate returns above inflation as measured by the Consumer Price Index (CPI).

Sequencing risk – the timing and order of returns can be nearly as important as the size of the returns, making the sequence of returns a significant determinant of outcomes. Sequencing risk refers to the risk of poor investment returns at the wrong time, for example just before or at the start of retirement when your account balance is at its greatest. To mitigate this risk, we recommend that you review your investment mix from time to time to ensure it continues to be appropriate for your circumstances.

Market risk – market risk is the risk of loss due to the factors that affect an entire asset class or market such as the Australian share market. This includes economic conditions, government policy and investor sentiment. Maintaining a well-diversified portfolio across a range of asset classes can reduce, but not eliminate, the impact of market risk.

Security/asset risk – individual investments such as shares, bonds and property assets are affected by risks specific to the investment. For example, the value of a company's shares may be impacted by a change in strategy, operations, or business environment, as well as merger and acquisition activity.

Other investment risks to consider include:

Timing risk – there is a risk that, at the date of investment, your money is invested at higher market prices than those available shortly afterwards. Similarly, there is risk that, at the date you withdraw funds your investments are sold at lower prices than those that were recently available or would have been available shortly afterwards. Timing risk can also relate to trying to predict future prices in making investment decisions, for example when switching investment options.

Illiquidity risk – the risk that an investment cannot be easily sold (converted to cash) without a substantial loss in value due to difficult or abnormal market conditions. This risk is greatest for investments that are inherently illiquid such as real property and infrastructure assets, as well as unlisted equity interests. We mitigate this risk through limiting investment in illiquid investments and regular monitoring of liquidity.

Interest rate risk – changes in interest rates can have a negative effect on an investment's value or returns. For example, the cost of a company's borrowings can increase, reducing its profitability, or the income from a cash or fixed income investment may be lower than expected.

Investment manager risk – although we carefully research and monitor the investment managers we partner with, there is a risk that a particular manager will underperform compared to similar managers or their return objective. This could be because their view on markets is inaccurate, they lose key investment personnel, or because the environment is not favourable for their investment style.

Currency risk – the value of our offshore investments may decrease because the currencies of the countries in which we invest decrease in value relative to the Australian dollar. We mitigate this risk by managing the currency exposure. Please refer to page 26 for details.

Financial risk due to climate change – climate change and environmental issues pose both risks and opportunities for the long-term performance of our members' investments. We work with our external fund managers, and with the listed companies in which we invest, to address these impacts. Refer to the 'Climate change' section on page 23 for details on how we mitigate this risk.

Counterparty risk – there is a risk of loss where the counterparty to a contract cannot meet its payment obligations. For example, in the case of a fixed income security such as a bond, this includes the risk that the issuer doesn't pay back the money borrowed when it is due. This risk is mitigated by appointing investment managers with appropriate credit assessment skills and by imposing limits on individual counterparties.

Derivative risk – investing in derivatives can involve additional risks. These include the possibility that the derivative does not perform as expected or that parties do not perform their obligations under the contract. As using derivatives may involve leverage, losses can be significant. We mitigate this risk by having limitations and controls in place and monitoring the use of derivatives. See page 39 for details on the Fund's use of derivatives.

Short selling risk – short selling may be used when an investment manager believes an asset's price will fall. The manager borrows the asset from a lender, usually a broker, and sells it with the intention of buying it back at a lower price. If the price of the asset increases, the loss could be significant. This is different to investing directly in a security without borrowing where losses are generally limited to the value of the investment made. We mitigate this risk by restricting and monitoring the use of short selling by the managers we partner with.

Gearing risk – gearing can be achieved by using loans (borrowing to invest), or investing in certain derivatives such as futures. Gearing amplifies the potential gains and losses of an investment which means fluctuations in the value of a geared investment will be larger compared to the same investment which is not geared. We mitigate this risk by limiting and regularly monitoring the amount of gearing in the investment options.

The importance of diversification to manage investment risk

Generally speaking, you can reduce the risk of your investment by spreading your money across a range of asset classes. This is called diversification. Diversification can reduce investment risk because asset classes tend to perform differently at different times in the economic cycle. By spreading your money across a range of asset classes, you also spread the risk of loss should a particular asset class or investment perform poorly. You can diversify your investment by investing in one of our diversified options, which have a mixed portfolio of assets.

Before choosing an investment option(s), you should assess your risk/return profile and the level of diversification you require. Keep in mind that our single asset class investment options are not as well diversified compared to our diversified options and do not provide access to asset classes other than cash and Australian equities. If you are unsure about the level of risk appropriate to your needs and circumstances, you can seek advice from a financial planner.

About your VicSuper Term Allocated Pension

Term allocated pensions were designed to improve retirees' income stream options by allowing access to a complying income stream while retaining investment control. Your TAP receives favourable social security treatment under the Assets Test (as it commenced prior to 20 September 2007). However, access to your money is restricted and lump sum withdrawals are generally not permitted.

VicSuper Term Allocated Pension overview

Some features and benefits of VicSuper Term Allocated Pension are outlined below.

Can I choose where my money is invested?	✔
Do I have access to my savings at all times?	✘
Can I choose the amount of my income payments? (within limits set under government legislation)	✔
Are my investment earnings tax-free?	✔
Could some of my income be taxable?	✔
Are my income payments and lump sum withdrawals generally tax-free if I am age 60 and over?	✔
Can I receive a tax offset on my income if I am eligible?	✔
Is my pension guaranteed for life?	✘
Will my income payments run for a fixed term?	✔
Is the pension amount I receive the same each year?	✘
Is my account balance 50% Assets Test exempt for Centrelink purposes?	✔[1]
Will a portion of my pension income not be assessed against the Income Test (for Centrelink purposes)?	✔
Can I elect a reversionary beneficiary?	✘[2]
Can I submit a binding death benefit nomination?	✔
Can I submit a non-binding death benefit nomination?	✔

Your TAP term

A TAP is designed to pay you a regular income stream for a set term (in years).

When you started the TAP in the VicSuper Fund you selected either:

- a term between your actual life expectancy at the time of commencement and the number of years from your current age to age 100, or
- a term between your spouse's life expectancy and a term to age 100 if you nominated them as a reversionary beneficiary and they have a longer life expectancy than your own.

Annual pension amount:

Your annual pension is calculated each year, based on your account balance and the remaining term of the pension. The set formula for the calculation of your annual pension is your account balance divided by the relevant payment factor. This occurs on 1 July each year and the payment factors are based on the remaining term of your pension. See page 10 for the payment factors. You generally have the option to vary your annual income stream amount by up to plus or minus 10%.

In response to the Coronavirus crisis, the Federal Government introduced temporary relief measures from the minimum payment requirements that will allow payment minimums to be reduced by 50% in the current financial year (2020/21). Call us if you would like to find out more.

The calculation is designed so that your account balance is exhausted over the term of the pension. As your account balance and term change each year, your annual pension will be reviewed and recalculated each year at 1 July by us. Your remaining pension term is rounded depending on when your TAP commenced.[3]

We will write to you at the start of each financial year to advise you of your new annual pension amount. We will generally provide the details of your income stream directly to Centrelink twice a year. You can also download a 'Details of Income Stream Product' statement (Centrelink Schedule) from your VicSuper MembersOnline account at any time.

1. As your TAP commenced prior to 20 September 2007.
2. New reversionary beneficiary elections are not allowed, however elections made in the VicSuper Fund continue to apply.
3. If your VicSuper TAP commenced between 1 January to 30 June, it will be rounded up to nearest whole year. If it commenced between 1 July and 31 December, it will be rounded down to nearest whole year.

Payment frequency

You can choose how often you'd like to receive income payments from the following five options:

- twice monthly
- monthly
- quarterly
- half-yearly
- yearly.

You have the option to receive income payments on either the 15th day and/or the last business day of each month. The exception to this is for payments made at the end of December and June, where these payments may be made up to a week prior to the end of the month.

Your payment will be in your Australian bank account between one and three business days after each payment has been made (depending on your financial institution's processing times). If you are receiving payments on the 15th day of the month and it falls on a public holiday or weekend, your payment is made on the last business day beforehand.

Payment order

If your TAP account is spread over more than one investment option, you can choose the investment option/s from which your regular income will be paid. You can choose to have your payments drawn from:

- the same mix as your nominated investment option allocation (provided you do not hold a term deposit), or
- the default order (Cash, Capital Secure, Capital Stable, Balanced, Socially Conscious, Growth, Equity Growth, then Australian Shares), or
- the order or proportion you specify.

If you do not specify the investment options from which your income will be paid, your income stream will be deducted according to the default order depending on the investment options your funds are invested in.

Income payments cannot be drawn from monies invested in a term deposit.

Changing your details

You can change your level of income, payment frequency or payment order at any time. Simply login to VicSuper MembersOnline or complete a *Change your details VicSuper Flexible Income* form (V702) and return it to us.

Payment factors

Term	Payment Factor	Term	Payment Factor
45	22.50	22	15.17
44	22.28	21	14.70
43	22.06	20	14.21
42	21.83	19	13.71
41	21.60	18	13.19
40	21.36	17	12.65
39	21.10	16	12.09
38	20.84	15	11.52
37	20.57	14	10.92
36	20.29	13	10.30
35	20.00	12	9.66
34	19.70	11	9.00
33	19.39	10	8.32
32	19.07	9	7.61
31	18.74	8	6.87
30	18.39	7	6.11
29	18.04	6	5.33
28	17.67	5	4.52
27	17.29	4	3.67
26	16.89	3	2.80
25	16.48	2	1.90
24	16.06	1	1.00
23	15.62	-	-

Source: Schedule 6, *Superannuation Industry (Supervision) Regulations 1994*. Information current as at 1 July 2020.

Choosing your beneficiary

You can choose who will receive the remaining balance of your TAP in the event of your death. Please note, your death benefit can only be paid as a TAP to a dependant – non-dependants can only receive death benefits as a lump sum.

If you did not nominate a reversionary beneficiary when you commenced the TAP in the VicSuper Fund, you have the option of making a binding death benefit nomination or non-binding death benefit nomination. If you have already made a binding or non-binding death benefit nomination in the VicSuper Fund, this has been carried over to the Fund and will continue to apply. You will need to revoke this existing nomination if you would like to make a new one.

Any reversionary beneficiary you elected when you started your TAP in the VicSuper Fund will carry over.

If you have not made a death benefit nomination, your death benefit will be distributed according to our discretion, based on available information.

See pages 40 to 41 for further details.

Cooling-off

Please note that a cooling-off period does not apply to you.

Managing your VicSuper Term Allocated Pension

Managing choices

You are able to choose your investment options, how often you would like to receive income payments and where you would like them to be deposited. You also have the option of advising us of your non-binding death benefit nomination or binding death benefit nomination if you did not make a reversionary beneficiary election in the VicSuper Fund (see pages 40 to 41 for more information).

Access to your money

Access to your money in a TAP is restricted. You cannot withdraw your money as a lump sum, except in the following circumstances:

- to pay a Superannuation Surcharge debt
- to give effect to a Family Law payment split
- death of the primary and/or reversionary beneficiary (if applicable and specific rules may apply), or
- to satisfy a release authority from the ATO in relation to you (ie, not your reversionary beneficiary).

Tax on withdrawals

Age 60 and over

If you're age 60 or over, your income payments are generally tax-free. Lump sum withdrawals are also tax-free if you are allowed to make a withdrawal.

Lump sum withdrawals

If you meet one of the conditions to access your money (as noted in the earlier section) you may be able to make a lump sum withdrawal.

You are not able to nominate the super components from which pension payments or lump sum withdrawals are taken, as withdrawals must be made in proportion to the tax-free component and taxable component of your account.

Please see pages 42 to 43 for further information on taxes including details on the tax-free and taxable components.

Withdrawal requests will generally be processed within five working days from the date we received all the necessary paperwork. You can generally access your benefit the day after we deposit it into your nominated account.

Changing your details

You can change your level of income, payment frequency or payment order at any time. Simply login to VicSuper MembersOnline or complete a *Change your details VicSuper Flexible Income* form (V702) and return it to us.

Final year of your TAP

In the final year of your TAP, the remaining account balance will be paid and the account automatically closed. If this occurs, we will send you a letter in June advising that your pension has one year until the end of the term.

Fees and other 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, as applicable, 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 (**www.moneysmart.gov.au**) has a superannuation calculator to help you check out different fee options.

* This wording is required by law. Our fees and costs are not negotiable.

Fees and other costs

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 and advice fees for personal advice, may also be charged, but these will depend on the nature of the activity or advice chosen by you. Entry fees and exit fees cannot be charged. Taxes are set out in another part of this document. You should read all the information about fees and other costs because it is important to understand their impact on your investment. The fees and other costs for each investment option offered by us are set out on pages 13 to 17.

VicSuper Term Allocated Pension

Type of fee or cost	Amount	How and when paid
Investment fee[1,2]	An estimated percentage, depending on your investment option/s. Ranging from 0.00% to 0.89% pa ($0 to $445 per $50,000)	Deducted from the assets of the option or the assets of underlying investment vehicles before the unit price for an investment option is determined.
Administration fee[1]		
Account-keeping fee	$52 pa *plus*	The account keeping fee is calculated daily and deducted from your account monthly, or on exit.
Administration fee	0.20% pa capped at $1,500 pa ($125 per month) excluding the account-keeping fee.	The administration fee is calculated and deducted monthly based on the account balance at the end of the month. On exit, the fee is calculated based on the previous month end balance and prorated for the number of days in the Fund.
Buy-sell spread	Nil	Not applicable
Switching fee	Nil	Not applicable
Advice fees Relating to all members investing in a particular investment option	Nil	No advice fee is charged for providing general and simple advice limited to your account.
Other fees and costs[3]	Comprehensive financial advice	Additional fees may be paid to a financial planner. The fees will depend on the complexity of the advice you are seeking. If you obtain complex financial advice from a planner in our financial planning business, you will be informed of the cost before you proceed. If you are issued with a statement of advice, it will contain details of the fees, which may be deducted from your account when the advice is received (or you may need to pay the fee directly).
Indirect cost ratio (ICR)[1,2]	Nil	All indirect costs are included in Investment fees.

1. If your account balance for a product offered by us is less than $6,000 at the end of our income year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of your account balance. Any amount charged in excess of that cap must be refunded.
2. Investment fees may vary from year to year and cannot be precisely calculated in advance. The investment fees reflect the Management fee (applicable to the diversified and Australian Shares options from 1 November 2020) and an estimate of other components of investment fees incurred by the trustee of the Victorian Superannuation Fund for the 12 months to 30 June 2020. See 'Investment fees' on page 14 for details. Past costs are not a reliable indicator of future costs.

3.. For more information, please see 'Financial planning' on page 17.

Additional explanation of fees and costs

Investment fees

Investment fees reflect a broad range of fees and costs associated with the purchase/sale and ongoing management of investments of the Fund and underlying investment vehicles. This includes fees paid to investment managers, as well as amounts paid to a variety of third parties such as our custodian, brokers and government authorities. These amounts are paid from the assets of the investment option before we calculate the unit price and are not deducted directly from your account.

The investment fees also include a Management fee from 1 November 2020. For the diversified options (Equity Growth, Growth, Socially Conscious, Balanced, Capital Stable and Capital Secure), the Management fee is 0.15% per annum and for the Australian Shares investment option the Management fee is 0.06% per annum. For more information, see 'Management fee' on page 16.

Important: The table below reflects the estimated fees and costs incurred by the Victorian Superannuation Fund in managing the investment options for the 12 months to 30 June 2020, in addition to the Management fee which was introduced on 1 November 2020 and reflects the amount charged from this date.

Investment fees may vary from year to year and cannot be precisely calculated in advance. The actual amount you'll pay in future years will depend on the actual fees and costs incurred by the Trustee in managing the investment options.

Table 1: Estimated Investment fees

Investment option	Investment-related costs	Performance-related costs	Transaction costs[1]	Other fees and costs	Management fee	Total investment fees
Equity Growth	0.34%	0.15%	0.14%	0.11%	0.15%	**0.89%**
Growth	0.34%	0.11%	0.15%	0.09%	0.15%	**0.84%**
Socially Conscious	0.25%	0.06%	0.13%	0.07%	0.15%	**0.66%**
Balanced	0.30%	0.07%	0.13%	0.08%	0.15%	**0.73%**
Capital Stable	0.26%	0.05%	0.11%	0.06%	0.15%	**0.63%**
Capital Secure	0.19%	0.00%	0.06%	0.04%	0.15%	**0.44%**
Australian Shares[2]	0.23%	0.00%	0.08%	0.01%	0.06%	**0.38%**
Cash	0.02%	0.00%	0.00%	0.00%	0.0%	**0.02%**
Term Deposit	0.00%	0.00%	0.00%	0.00%	0.0%	**0.00%**

Additional information regarding the different components of Investment fees is provided on pages 15 to 17.

1. The amounts shown reflect an estimate of explicit transaction costs only. An estimate of implicit transaction costs is shown in Table 2.
2. The Australian Shares option changed from an active management to passive management approach on 1 November 2020. Passive management, by its nature, has lower investment costs than active management. It is anticipated this fee will reduce going forward, to reflect that change in approach.

Example of annual fees and costs for the Growth option

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

EXAMPLE – the Growth investment option		Balance of $50,000
Investment fees[1]	0.84% pa (estimated)	For every $50,000 you have in the Growth option you will be charged $420 each year
PLUS Administration fees	**Account-keeping fee** $52 pa **Administration fee** 0.20% pa	**And,** you will be charged $52 in account-keeping fees regardless of your balance plus an administration fee of $100
PLUS Indirect costs for the Growth option[1]	0.00% pa[2]	**And,** indirect costs of $0 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 $572 for the Growth investment option

Note: additional fees may apply. We do not apply buy/sell spreads.

1. Investment fees may vary from year to year and cannot be precisely calculated in advance. The investment fees reflect the Management fee (applicable to the diversified and Australian Shares options from 1 November 2020) and an estimate of other components of investment fees incurred by the trustee of the Victorian Superannuation Fund for the 12 months to 30 June 2020. See 'Investment fees' on page 14 for details. Past costs are not a reliable indicator of future costs.
2. The 0.20% Administration fee is subject to a cap of $1,500 per annum.

Investment-related costs

Investment-related costs reflect fees paid to investment managers and a range of specialist investment consultants, as well as the costs of our investment team which is responsible for setting the Fund's investment strategy and overseeing the Fund's investment portfolios. These costs may be paid from the Fund or deducted from underlying investment vehicles. The estimated investment-related costs per option for the 12 months to 30 June 2020 are shown in Table 1 on page 14.

Performance-related costs

We don't directly deduct any performance-based fees from member accounts. However, we have performance fee arrangements with a number of external investment managers. These costs may be paid from the assets of the Fund or deducted from underlying investment vehicles and are subject to change without notice to you. The estimated performance-related costs per option for the 12 months to 30 June 2020 are shown in Table 1 on page 14.

A performance-related cost may be payable once performance above an agreed level has been reached and is typically capped at an upper percentage limit. If performance-related costs are payable by the Fund or an underlying investment they will increase the investment fees payable for that investment option. The method of calculation varies, but generally these fees are calculated as a percentage of the investment returns that exceed an agreed level of return. Investment managers with performance-related fee arrangements may also be entitled to a base percentage fee.

It is important to note that the amount of performance-related costs cannot be accurately predicted in advance. The actual amount of performance-related costs incurred in a particular financial year will depend on the allocation of our investment options to these investment managers and underlying investments, as well as the actual investment performance for the relevant year.

Transactional and operational costs

Transactional and operational costs are a broad category of costs that relate to the purchase/sale of the assets of the Fund or an underlying fund or other investment vehicle.

These costs are deducted from the assets of the Fund or the underlying investment vehicle, as relevant, when they are due and payable and are an additional cost to you.

Transactional and operational costs include both explicit and implicit costs. The amounts shown in Table 1 on page 14 reflect an estimate of all explicit transaction costs incurred for the 12 months to 30 June 2020.

Explicit transaction costs include, but are not limited to, the following:

- **Brokerage** – the amount paid to a broker when buying and selling securities, for example shares on a stock exchange. In some overseas markets stamp duty is also payable in relation to share transactions which we consider a part of brokerage. While brokerage is an additional cost of investing, as a large institutional investor, we are able to access wholesale brokerage rates which are generally cheaper than retail brokerage rates.
- **Clearing fees** – fees payable in relation to futures trades to a clearing house for facilitating settlement and reconciling orders between transacting parties (buyers and sellers).
- **Stamp duty** – a government tax paid on the legal transfer of property and certain other assets from one owner to another. As mentioned above, in certain countries stamp duty is payable in relation to equity transactions. However, the majority of the stamp duty incurred by the Fund relates to investments in direct property and infrastructure where stamp duty costs can be significant.
- **Commissions** – a percentage of the sale amount paid to a selling agent, for instance, when a direct property investment such as an office building is sold. Like stamp duty, commission amounts can be substantial.

- **Buy/Sell spreads** – a charge incorporated into the application (buy)/redemption (sell) unit price of an investment product to cover the costs of transacting. Investments in certain external funds may attract buy/sell spread charges.
- **Due diligence costs** – the costs associated with researching a potential investment, for example legal and advisory costs.

In addition to explicit costs, implicit transaction costs are embedded in the price of certain investments. Implicit costs include bid/offer spreads, which are the difference between the price a buyer is willing to pay (the bid price) and the price a seller is willing to accept (the ask price) for a particular security. Bid/offer spreads may be incurred when converting one currency to another, as well as when buying and selling listed equities and fixed income securities such as bonds.

For listed securities, implicit costs may also include market impact, which refers to the effect an investor can have on the price when buying or selling an asset: typically an upward effect when buying, or downward effect when selling. In general, highly liquid securities result in lower market impact costs than less liquid securities. Many of these implicit costs are estimates as they are not known with certainty.

An estimate of implicit transaction costs for the 12 months to 30 June 2020 is provided in the table below which, together with the explicit transaction costs (see page 14), make up the total estimated transactional and operational costs.

Table 2: Estimated transactional and operational costs for the 12 months to 30 June 2020.

Investment option	Estimated implicit transaction costs	Total estimated transactional and operational costs
Equity Growth	0.24%	0.38%
Growth	0.17%	0.32%
Socially Conscious	0.05%	0.18%
Balanced	0.15%	0.28%
Capital Stable	0.11%	0.22%
Capital Secure	0.07%	0.13%
Australian Shares	0.14%	0.22%
Cash	0.01%	0.01%
Term Deposit	0.00%	0.00%

Past costs are not a reliable indicator of future costs and the amount of transaction costs will vary from year-to-year depending on the type, size and frequency of transactions. In general, illiquid asset classes such as property and infrastructure tend to have higher transaction costs (for example stamp duty) compared to more liquid asset classes like equities and fixed income. Similarly, actively managed portfolios that trade investments frequently tend to have greater transaction costs compared to passively managed strategies which replicate an index.

Other fees and costs

The amounts shown under the other fees and costs category (see page 14) reflects a range of other expenses associated with the Fund's investments. This includes fees paid to the custodian to hold the assets of the Fund, as well as amounts paid to accounting/audit and tax specialists to assist with the reporting obligations of certain underlying investments. It also includes the costs associated with the Fund's securities lending program.

Finally, it includes the estimated costs associated with the use of over-the-counter (OTC) derivatives which, rather than being traded on a listed financial market, are private contracts traded directly between two parties. For example, a number of foreign investments are hedged to the Australian dollar via the use of currency forward contracts, a type of OTC derivative. This helps minimise the impact of currency fluctuations on investment returns.

Management fee

A Management fee is payable for the management of the product. A Management fee of 0.15% per annum applies to the diversified options and 0.06% per annum to the Australian Shares investment option. There is no Management fee applicable to the Term Deposit or Cash investment options.

This fee is payable for expenses related to the development of enhanced retirement offerings, retirement specific product management strategies and expenses incurred by the Trustee (eg fund governance).

The Management fee for each investment option is set by us and we will give you at least 30 days' notice, as required by law, before increasing any of the Management fees.

Borrowing and property operating costs

Borrowing and property operating costs are an additional cost to you of investing in certain investment options. Borrowing costs include loan establishment costs and interest payments and are most significant for illiquid asset classes such as property and infrastructure where asset prices can be substantial. Property operating costs include a range of costs associated with managing property investments, for example council and water rates, utilities and lease renewal costs.

These costs are deducted from the income or assets of the Fund or an underlying investment vehicle, as relevant, when they are due and payable.

An estimate of borrowing and property operating costs for the 12 months to 30 June 2020 is provided in the following table. None of the VicSuper single asset class options or the Equity Growth option incurred borrowing costs or property operating costs for the period. It is important to note that past costs are not a reliable indicator of future costs and the amount of borrowing and property operating costs may vary from year to year.

Table 3: Estimated borrowing and property operating costs for the 12 months to 30 June 2020

Investment option	Estimated borrowing costs	Estimated property operating costs
Growth	0.06%	0.08%
Socially Conscious	0.06%	0.08%
Balanced	0.06%	0.08%
Capital Stable	0.06%	0.08%
Capital Secure	0.05%	0.06%

Low account balance fee cap

The Federal Government has introduced measures to help prevent fee erosion for members with low account balances.

If your account balance in the VicSuper TAP product is less than $6,000 at the end of our income year (which runs from 1 July to 30 June), the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of your account balance. Any amount charged in excess of that cap will be credited back to your account.

If you close your account during the year, the fee cap (if applicable) will apply for the number of days during the year you had the account.

Financial planning

Our members have access to financial advice.[1] The fees charged for personal advice about your super account are detailed as follows:

Service	Details	Fee
Personal advice limited to your interest in your super account.	Simple advice about investment choice, voluntary contributions, insurance and starting an income stream (limited circumstances).	No separate charge. We pay a fee to provide a limited advice service to all members. The cost of providing this service is covered by the administration fees.

If you obtain complex financial advice about your account, the fee for this advice will depend on the scope and complexity of the advice and may be deducted from your account when the advice is received, or you may need to pay for the advice directly. You will be informed of the fee before you proceed. If you are issued with an advice document, it will contain details of the fees. We do not pay any commissions to our financial planners.

Changes to fees

All fees and costs may be revised by us from time to time without your consent. For example, fees and costs may increase when there are changes in superannuation law or there are increases in fees charged by our service providers.

We will give you at least 30 days' prior notice if there is an increase in fees and costs or if a new fee or cost is introduced that affects your account. This excludes investment fees which are estimates only and may vary from year to year. However, we will give you at least 30 days notice if there is an increase in the Management fee.

Reserves

We maintain an administration reserve to pay the costs associated with the management of the Fund. Interest earned on contributions and rollover amounts received by us, but not yet allocated to members' accounts and administration fees deducted from members' accounts, are credited to the Fund's administration reserve account. We use this account to pay administration and operating expenses of the Trustee or Fund. Any excess retained in the account is ultimately applied for the benefit of the membership as a whole.

We are required to maintain an Operational Risk Financial Requirement (ORFR) reserve. The ORFR reserve is held separately from members' accounts and the administration reserve. The ORFR reserve is only used to cover losses arising from operational issues.

Taxes

For TAP accounts, the benefit of imputation credits is passed on to members in the form of an imputation credit adjustment, which is incorporated in the unit prices where applicable.

For more information about tax, see the 'Taxes' section on pages 42 and 43.

1. When members receive advice, they receive it under our financial planning business' own AFS licence. Our financial planning business is wholly owned by Aware Super Pty Ltd as trustee of the Fund. You should read their Financial Services Guide before making a decision. For more information call **(03) 9667 9200**.

Defined fees

Type of fee or cost	Definition	How it applies to your VicSuper Term Allocated Pension account
Activity fees	A fee is an ***activity fee*** if: (a) the fee relates to costs incurred by 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 advice fee or an insurance fee.	We do not charge activity fees.
Administration fees	An ***administration fee*** is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than: (a) borrowing costs; and (b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee [OR the trustees] of the entity or in an interposed vehicle or derivative financial product; and (c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.	The administration fee includes an account-keeping fee of $52 per annum ($4.33 per month) plus an administration fee of 0.20% per annum ($100 per $50,000). The administration fee component (0.20% per annum) is capped at $1,500 per annum ($125 per month).
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 activity fee or an insurance fee.	You will only be charged an advice fee if you agree to receive personal financial advice from one of our financial planners. The fees will be discussed and agreed with you at that time. See 'Financial planning' on page 17 for further information.
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.	We do not charge buy-sell spreads. See 'Transactional and operational costs' on page 15 for further information.
Indirect cost ratio	The ***indirect cost ratio*** (ICR), 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 fee deducted directly from a member's account or paid out of the superannuation entity is not an indirect cost.	All indirect costs are included in the Investment fees shown on page 14.

Type of fee or cost	Definition	How it applies to your VicSuper Term Allocated Pension account
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 that relate to the investment of assets of the entity, other than: (i) borrowing costs; and (ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee [OR the trustees] of the entity or in an interposed vehicle or derivative financial product; and (iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee; but does not include property operating costs.	The investment fees are based on the estimated investment related costs that these investment options incurred in the Victorian Superannuation Fund for the 12 months ended 30 June 2020 (with the exclusion of the Management fees, which commenced from 1 November 2020). See 'Investment fees' on page 14 for further information.
Switching fees	A ***switching fee*** for a superannuation product 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.	We do not charge a switching fee.

Your investment options

Growing your savings for a comfortable retirement partly comes down to making good investment choices. We give you a choice of nine investment options, each with a specified investment objective. You can invest in more than one option, and you can choose the proportion allocated to each.

Your choices range from conservative options that invest mostly in cash and bonds, to options that offer greater growth potential from higher weightings to shares and property.

When choosing an investment option, it's important to consider your personal objectives, financial situation and needs.

Our diversified options

The diversified options provide you with the benefit of diversification by being invested across different asset classes, investment styles and managers. The percentage allocated to each asset class varies, which means each diversified option has a different potential return and risk profile.

The diversified options are:

- Equity Growth
- Growth (our default option)
- Socially Conscious
- Balanced
- Capital Stable
- Capital Secure

Our single asset class options

The single asset class options are invested in one asset class only. These options allow you to take a greater degree of control over your account by choosing your allocation to one or more asset classes. However, keep in mind that the single asset class investment options are not as well diversified compared to our diversified options and do not provide access to asset classes other than cash and Australian equities. The risk and potential return of the single asset class options reflect the particular asset class in which they are invested.

The single-asset class options are:

- Australian Shares
- Cash
- Term Deposit

Our Socially Conscious investment option

The Socially Conscious investment option is a diversified option designed for members wanting to avoid particular industries and companies that don't align with their values. A key feature of the option is that it excludes investments considered to have a highly adverse environmental or social impact.

For more information, including the screening criteria applied to the option, refer to 'About the Socially Conscious option' on page 34 and the relevant investment option in the table on page 30.

How your super is invested

If you did not choose an investment option(s) when you opened a TAP in the VicSuper Fund, your account balance was invested in the Growth option, which is our default option. The Growth option is a diversified option, which means it is invested across a range of asset classes. This is called diversification and it can reduce the risk of loss if one particular asset class performs poorly.

Generally, you can choose to invest in one or more of the investment options in whatever proportions you choose. You should review your choices from time to time as you will remain in your chosen investment option(s) until you choose otherwise. You can revert to the Growth option online (if you have registered for our online services), or by completing the *Change your investment options* form (V501).

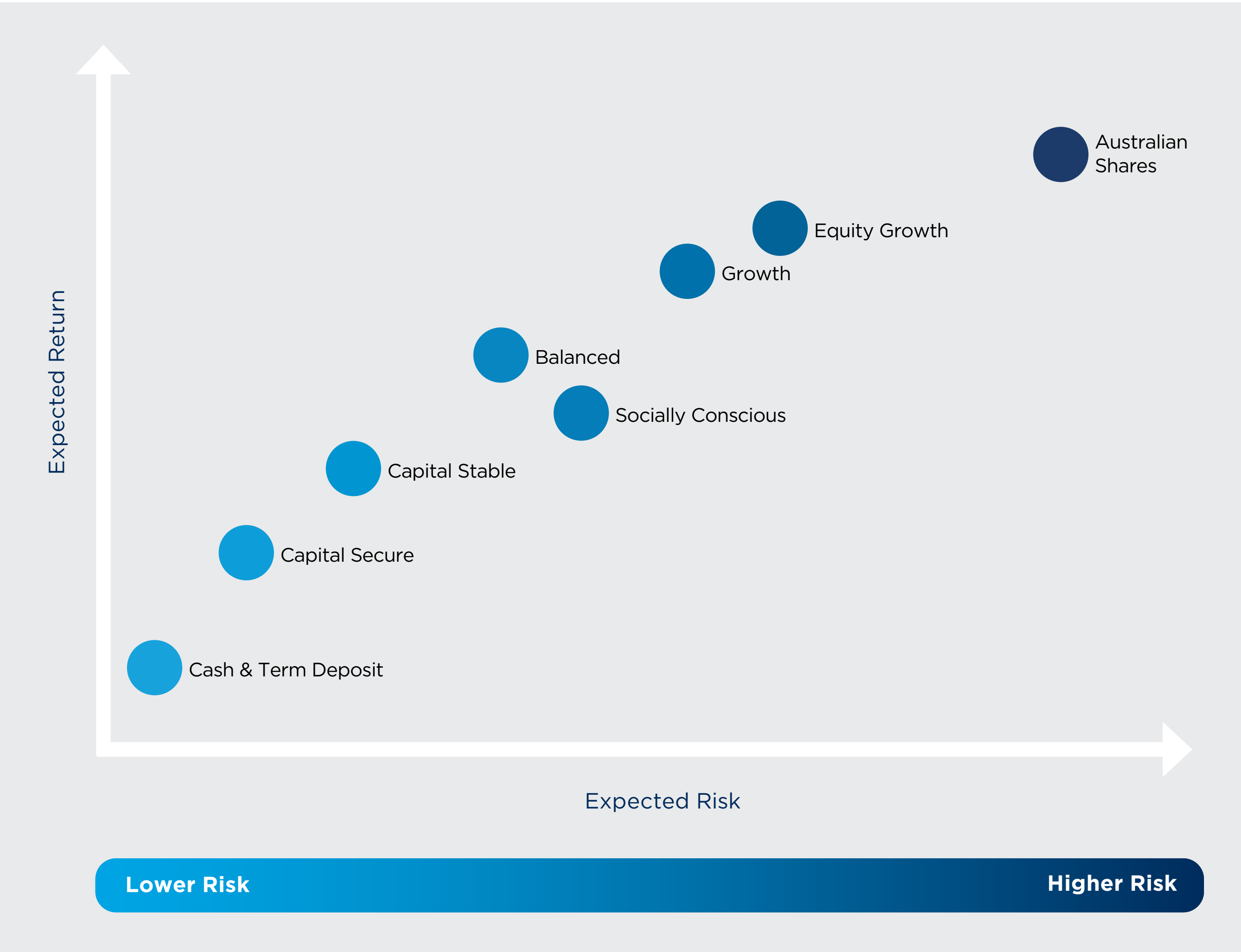
We may add, close, or terminate investment options, add or remove investment managers, or alter the objective, strategic asset allocation or asset allocation range of an investment option, including the Growth option, at any time. We will notify you about any material changes, although this may be after the change has occurred. If you have money in an investment option that the Trustee decides to discontinue, you may have an opportunity to switch to any of our other investment options. Alternatively, we may switch your money to an investment option with a similar risk/return profile.

Important information

We are not responsible for your investment choice and we do not review your investment choice. If you select one or more of the single asset class options without adequately diversifying your investment in the Fund you could be exposing your superannuation benefits to a greater risk of loss. Please read 'The importance of diversification to manage investment risk' on page 8. You may wish to consult a financial planner before making any investment decisions.

The value of assets in the Fund's investment options may rise and fall from time to time. Nothing in this PDS is intended to forecast the future performance of the Fund or any of its investment options. Past performance is not a reliable indicator nor is it a guarantee of future performance. We do not guarantee the capital invested or the investment performance of any of the investment options available to members in the Fund.

Investment options expected risk and return profile



Note: This graph provides a broad overview of the expected risk and return for the investment options for comparison.

It is illustrative only and is not a forecast or guarantee of the future returns of the investment options shown. Similarly, it should not be relied on as providing an accurate indication of the level of risk associated with any one option. Each option is subject to different types of risks and can be impacted by those particular risks to varying degrees depending on the nature of the option's investments.

For more information about each investment option refer to pages 29 to 33 of this PDS.

Responsible Ownership

We integrate environmental, social and governance (ESG) considerations into our investment processes across all of our investment options and asset classes. Known as Responsible Ownership, this approach helps us better manage risk and generate strong long-term returns for our members, while also contributing positively to the world in which our members live and retire.

We believe it is important to take ESG considerations into account since a company's approach to managing ESG risks and opportunities can have a meaningful impact on its long-term viability and success. Over the long term, we think companies and assets with sound ESG management are more likely to increase in value. By contrast, companies that poorly manage ESG risks have the potential to destroy shareholder value and may also harm the broader community and environment.

Our Responsible Ownership approach consists of four main pillars which are outlined below. We understand that things can change quickly, and this multi-faceted approach means we are able to identify emerging ESG risks and issues and respond appropriately.

Pillar 1: Integration

Our approach is not limited to a set-and-forget analysis of an investment, but rather is a holistic approach to assessing ESG risks and opportunities over an investment's life. We do this by considering ESG factors both at the time of initial investment due diligence and selection (ie before we make a new investment), and via ongoing monitoring thereafter.

When we are considering partnering with an external investment manager, we assess their ESG capabilities and policies before deciding to invest with them. We also regularly meet with them to review their ESG integration approach and discuss how they are monitoring ESG risks and issues. While we expect the investment managers we partner with to monitor ESG risks that relate to our investments, we allow them some flexibility to determine the manner in which ESG considerations are implemented.

Examples of some of the key ESG factors we consider are provided below.

Environmental factors	• Climate change and its potential impact on investments • Waste, pollution and contamination • Water (eg availability and supply) • Biodiversity and sustainable land use
Social factors	• Workplace health and safety • Diversity and inclusion • Adherence to international conventions • Modern slavery/forced labour (both in company operations and supply chains) • The effectiveness of a company in maintaining its 'licence to operate' and managing labour relations • Product responsibility
Governance factors	• Board composition (diversity, expertise & independence) • Executive remuneration • Transparency & reporting • Conduct & culture • Technology & innovation • Data privacy & cyber security

We may take into account other ESG factors if they apply to a particular investment or investment manager.

Where investment managers take into account ESG considerations, they may consider different ESG factors.

Pillar 2: Voting

As a large investor we own shares in a diverse range of companies which entitles us to vote on various matters. We use our voting rights to support resolutions that seek to enhance value for our members across a range of areas such as board composition, executive remuneration, and climate-related disclosure and action. Information on our voting decisions is available on the website at **vicsuper.com.au/responsibleinvestment**

Where applicable, external and internal investment managers are expected to actively consider their position on company resolutions. However, the Trustee has the right to any final voting decision and can override a manager's vote.

Pillar 3: Engagement

We monitor ESG considerations continually, and when a material risk or issue is identified we use our ownership rights to engage with the relevant company, particularly where we believe its management of ESG issues is deficient relative to government/regulator or industry standards and/or community expectations, or its conduct threatens its reputation and value. The objective of engagement is to encourage the company to improve its ESG policies and practices, and thereby protect or increase its economic value. Where engagement does not lead to the desired outcome or changes within a reasonable timeframe, other actions such as voting against directors, or raising a Shareholder proposal, are considered.

Pillar 4: Collaboration & advocacy

We believe we can be more effective and have a more material impact by working alongside other like-minded investors and industry associations. We are involved in a number of collaborative initiatives including the Australian Council of Superannuation Investors (ACSI), Responsible Investment Association of Australasia (RIAA), Climate Action 100+, the Investor Group on Climate Change (IGCC), and the Water Disclosure Project. Collaborating with other large investors in these initiatives helps us to better understand the risks and opportunities associated with various ESG issues across a range of industries and sectors.

Climate change

We believe climate change is one of the most significant long-term risks to our portfolio – and therefore our members' retirement outcomes. As a result, we have undertaken significant research and work to establish a plan to help us address the large, systemic and structural changes that limiting temperature rises and climate change will require. Our plan, known as the Climate Change Portfolio Transition Plan, is a framework of recommendations and targets that will focus our efforts on:

- developing a decarbonisation pathway for our investment portfolio
- transitioning our portfolio to lower climate change risk in our investments and, where required, helping those investments adapt to a changing climate, eg working with our agricultural investments to help them adapt their practices to a warming and changing climate
- proactively investing to capture opportunities in energy-efficient investments, that will emerge as we move towards a decarbonised economy, and
- lowering risk through actively managing and engaging with portfolio investments on their climate change transition pathway.

You can find more information on our Climate Change Portfolio Transition Plan on our website at **vicsuper.com.au/transitionplan**

Our investment restrictions and exclusions

While in general our approach is to use engagement and proxy voting to positively influence the behaviour and ESG practices of the companies we invest in, in certain circumstances we believe it is appropriate to exclude a particular sector or company from our investment portfolios. These circumstances include:

- if we consider that an investment is inappropriate to the extent that it may have a negative reputational impact
- if the investment would lead to contravention of international treaties or conventions, or
- if it is not deemed possible to influence a company through engagement or proxy voting.

On this basis, we have implemented the below portfolio-wide restrictions and exclusions.

1. **Tobacco** – direct investments in tobacco manufacturers and/or producers (including subsidiaries, joint ventures and affiliates) which derive 5% or more of their revenue from the manufacture and/or production of tobacco products.
2. **Thermal coal** – direct investments in companies that generate 10% or more of their revenues directly from mining thermal or energy coal.[1]
3. **Controversial weapons** – direct investments in companies that derive any revenue from the manufacture and/or production of controversial weapons including chemical weapons, cluster munitions, land mines and depleted uranium.

Note that the above exclusions don't apply to the use of derivatives which may have an indirect exposure to these types of companies. In addition, implementation of the above exclusions may be affected by the accessibility and accuracy of data, or an error by an external service provider. This may result in inadvertent holdings, typically over the short term, in investments we are seeking to exclude.

We may divest from other sectors, industries or investments without prior notice, in line with our Responsible Investment Policy as updated from time to time.

For more information, you can read our Responsible Investment Policy, available at **vicsuper.com.au/responsibleinvestment** or you can obtain a copy, free of charge, by calling us on **1300 366 216**.

1. Due to liquidity constraints, unlisted thermal coal mining assets may take time to divest from and there may be a small residual exposure. Such assets will be sold at fair value as soon as reasonably practicable, but by no later than 30 June 2023.

Our investment approach

Investment overview

Our investment approach aims to ensure we deliver strong long-term investment returns, over and above inflation, to help you grow your retirement savings. We take care when choosing investments to ensure we only take on risk that we believe will be adequately rewarded. We also incorporate ESG considerations into our investment decision making process.

Tailoring our investment approach to the needs of our members

As part of our members first philosophy, we have taken steps to ensure we tailor the way we manage money to meet the differing needs of our members.

Capital Secure, Capital Stable and Balanced options

To help protect your retirement savings, our investment approach for these options is to provide growth and protection from the effects of inflation, while also aiming to reduce the impact of large share market falls.

Growth and Equity Growth options

To help maximise your retirement savings, our investment strategy for these options is focused on generating strong capital growth.

For details of our Socially Conscious option go to 'About the Socially Conscious option' on page 34.

Investing in a range of assets

We have determined an appropriate split between growth and income assets for each option that is consistent with the option's risk level and is most likely to meet the option's investment objective.

- **Growth assets** have the potential to achieve capital growth over the medium to long term. Examples include Australian and international equities, private equity, property, infrastructure, and more growth-oriented liquid alternatives investments. While in the long term these types of assets have the potential to produce higher returns, they can be more volatile (or risky) in the short term when compared with income assets and have a greater potential to produce negative returns in the short to medium term.
- **Income assets** (also known as defensive assets) generally provide an income stream and typically include cash, fixed income investments (bonds), credit income and more defensively-oriented liquid alternatives investments. These investments are generally considered to be less risky than growth assets, but can at times produce a negative return.

For more information on what is included in each asset class, refer to 'Understanding the asset classes' on page 27.

Strategic asset allocation

Each diversified option is assigned a medium to longer term target asset allocation, known as the strategic asset allocation. We also establish asset allocation ranges which are the minimum and maximum amounts we can invest in each asset class. For the current strategic asset allocation and asset allocation ranges for each investment option, see pages 29 to 33. Note that each of the asset classes may include small cash balances for portfolio management purposes.

The actual asset allocation in place at a particular time may vary from the strategic asset allocation because we use an active asset allocation approach. This allows us to take advantage of market conditions by temporarily increasing or decreasing our exposure to a particular asset class (or a specific sector or geography within an asset class, eg US equities). This can help shield members from the risks of being overexposed to expensive markets and add incremental returns by increasing exposures to asset classes when they are attractive.

These deviations from the strategic asset allocation are generally in place for a short to medium term period and must be consistent with the investment objective and strategy of the option. While generally the actual asset allocation will be within the strategic asset allocation ranges, during an episode of significant market stress the actual asset allocation may be moved outside the ranges shown in the investment option tables.

We may vary the strategic asset allocation and asset allocation ranges for an investment option from time to time without prior notice. The latest asset allocations can be found at **vicsuper.com.au/assetallocations**

Professional investment managers invest your money

We work with a panel of professional investment managers who specialise in different asset types to assist us in managing your super. A current list of managers by asset class is available on our website at **vicsuper.com.au/investmentmanagers**

We also have a team of investment specialists who oversee our investment portfolios and manage a number of investments in house. The investment team seeks to deliver value to members with an approach that focuses on:

- Active and strategic asset allocation to get the right mix of different investment types.
- High quality research to underpin and improve investment decisions.
- Managing select assets in house, which brings market insights and greater access to unique opportunities.
- Integrating ESG considerations into the investment process.
- Active ownership and engagement to drive positive change with the companies we invest in.

The team also performs a cash flow and portfolio rebalancing function for the diversified investment options to help ensure each option is invested as closely as possible in line with the target asset allocations.

Investment approaches

Investment managers use different approaches to select investments, with two of the main approaches, passive and active management, described below. No single approach is guaranteed to outperform all others in all market conditions.

Passive management

Also known as index managers, passive managers choose investments to form a portfolio that closely tracks a market benchmark (or index). Passive managers usually charge lower fees because they don't require extensive resources to select investments.

Active management

Active managers select investments which they believe will perform better than a market benchmark over the long term. They buy or sell investments when their market outlook alters or their investment insights change.

Important information about the investment options

Investment objectives

Each investment option has a stated objective which is the desired investment outcome for the option. Investment objectives vary with the level of risk associated with the assets that make up the option. Keep in mind when reviewing the options' objectives that they are not a forecast of future returns, or prediction of the earnings on your investment.

For each diversified option, the investment objective is to achieve investment growth above inflation (as measured by the Consumer Price Index) over rolling time periods. By contrast, the investment objectives for the single asset class options are generally to track or outperform a relevant market benchmark or index, for example in the case of the Cash option, the Bloomberg AusBond Bank Bill Index.

We may change the investment objective of an investment option from time to time.

Standard Risk Measures

The investment option tables on the following pages show a risk band, risk label and estimated number of negative annual returns over any 20-year period for each investment option. This is known as the Standard Risk Measure, or SRM, and is based on a methodology developed by the industry so that consumers can compare investment options within and across funds. As shown in the table below, the risk measures range from 1 (being the lowest risk) to 7 (being the highest risk). The SRM of an investment option depends on the risk profile of the asset classes and investments that make up the option.

It's important to keep in mind that the SRM is not a complete assessment of all forms of investment risk. For instance, it does not take into account the potential size of a negative return, or the potential for a positive return to be less than a member may require to meet their objectives. In addition, it does not take into account administration costs.

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Foreign currency management

When investing in overseas assets such as international equities or bonds, returns reflect both changes in the value of the underlying investments, as well as currency movements. We may hedge some or all of the currency exposure back to Australian dollars in order to manage risk or enhance returns.

On each investment option profile we show the target foreign currency exposure and range if applicable. These amounts refer to the proportion of assets that are subject to foreign exchange rate movements. The remainder of the investment option is either currency hedged or denominated in Australian dollars.

We may change the currency exposure over time with the intention of improving the investment option's ability to meet its performance and risk objectives.

Different options may carry different levels of risk, depending on the assets that make up the option. When choosing an investment option, you should consider the level of investment risk that is appropriate for you, which depends on your age, investment timeframe, where other parts of your wealth are invested and your attitude to risk. Seeking advice from a financial planner can help you choose the most suitable investment option.

Understanding the asset classes

Cash

Cash investments include a range of short and medium-term interest-bearing investments, such as term deposits, bank bills and treasury notes. For the diversified investment options, the Cash asset class can also include corporate debt and asset-backed securities which aim to add value while substantially retaining the low-risk characteristics of more traditional cash investments.

Typically the least risky of all asset classes, cash is often chosen by investors who want to access their money in the short to medium term. However, while the risk of negative returns from cash investments is much lower than for other asset classes, expected returns are also lower. The buying power of your money may also be reduced as it may not keep up with inflation.

The value of a cash investment will fluctuate due to a number of factors, but primarily with the rise and fall in interest rates.

Fixed income (bonds)

A fixed income investment is a loan to a government, semi-government authority or large corporation in exchange for regular interest payments, plus repayment of the principal amount at maturity.

Interest is paid to investors over the life of the investment, usually at a fixed rate. However, for some bonds, the interest payments and/or principal are adjusted for the rate of inflation. These are known as 'inflation-linked bonds' and they are designed to help protect investors from inflation.

While fixed income investments such as bonds are usually less volatile than many other investments like shares, they may also have a lower expected return over the long term.

It is also important to note that fixed income investments are not without risk and do not provide a fixed rate of return like a term deposit. The fact that bonds are traded in a marketplace with buyers and sellers means they are exposed to price movements, and the possibility exists for low or negative returns from time to time.

Bond values are driven by prevailing interest rates and expected interest rate movements. In general, when interest rates rise, the market value of bonds tends to fall, and when interest rates fall, bond values tend to rise. This can have a significant impact on performance.

Equities (shares)

Equities (shares) are a portion or share of a company that can be bought or sold on an exchange. Equities allow investors to access both large and small listed companies across a range of industries in Australia and overseas (both developed and emerging markets).

The return investors receive from investing in equities includes income in the form of dividend payments, as well as capital gains (and losses) from changes in the value of the underlying shares, and for international equities, currency movements.

Long-term returns from equity investments tend to be higher than those achieved from property, fixed income and cash investments. But in the short term, their performance is more volatile and returns can be negative, making them a higher risk investment.

Various factors like consumer sentiment, commodity prices and company performance can all have an impact on a company's share price.

Note that our Australian and international equities asset classes can also include a small exposure to unlisted companies which are less liquid than listed companies.

Credit income

Credit income covers a range of alternative debt investments. Like fixed income, credit income investments involve a loan to a borrower in exchange for regular interest payments, plus repayment of the principal amount at maturity. However, compared to traditional fixed income investments, the loans are typically to borrowers with a lower credit rating, and as a result, may command a higher rate of return to compensate the investor for the risk of default. Credit income investments include loans to a range of companies in Australia and globally across a variety of industries including infrastructure, real estate and various corporate sectors.

Property

Property investments include office buildings, shopping centres and industrial estates, as well as residential property such as apartment buildings and retirement villages. Investors can access property investments either directly or indirectly by purchasing units in a property trust (unlisted or listed) and the property investments may be in Australia or global.

Direct and unlisted property investment returns reflect a combination of rental income and capital growth, and are dependent on a range of economic factors such as interest rates and employment, as well as the location and quality of properties.

Listed property investments (often known as Real Estate Investment Trusts or REITs) are investments in their own right and their returns will also reflect changes in securities prices on listed markets, which will be different (and more volatile) than the returns earned from owning direct or unlisted property investments.

Property investments are subject to a moderate to high degree of risk and are typically most suitable for long-term investors seeking high growth over the medium to long term, who are willing to accept fluctuations in returns and the possibility of negative returns over the short term.

Infrastructure and real assets

Infrastructure assets are the utilities and facilities that provide essential services to communities. Examples include utilities (electricity, gas, water and communications), power (including renewables), transport (airports, seaports, toll roads and rail), social infrastructure assets (hospitals, education facilities and community infrastructure such as a convention centre) and agriculture (including land and water assets, as well as timber assets).

New infrastructure sub-sectors which exhibit similar features to traditional infrastructure investments, for example land title registries, have also developed over time.

Due to their scale and importance, infrastructure investments typically have high barriers to entry, but generally offer investors a steady income stream, potential for capital growth over the long term, and lower volatility than other growth assets such as equities. However, there are risks. For example, changes to government regulations, usage rates, and interest rates may affect their value.

Similar to property, investors can access infrastructure investments directly by investing in individual assets, or indirectly via unlisted or listed pooled funds.

Private equity

Private equity includes investments in Australian and overseas companies that are not listed on a stock exchange. Such companies can include large established companies needing investment and expertise to support future growth plans, as well as smaller, rapidly growing businesses.

The private equity market is less efficient and less regulated than listed equity markets. This creates opportunities for skilled managers to add value. However, private equity investments are typically illiquid and high risk, and so are typically best suited to investors with a medium to long-term horizon.

Liquid alternatives

Liquid alternatives include a range of non-traditional strategies such as real return strategies and hedge funds. Unlike traditional fund managers which are often restricted to investing in a single asset class (eg Australian equities), these managers have a wider range of allowable investments and are able to utilise a combination of equities, bonds, currencies, commodities and other liquid asset classes. They can make investments in these asset classes via physical exposures or, more typically, via derivatives (see page 39 for details about the Fund's use of derivatives).

The managers we partner with to manage this asset class are selected for their potential to provide strong diversification, or to deliver returns above CPI (or an official cash rate) by dynamically moving around their exposure to different asset classes.

To best align the investments of this asset class with the risk/return profiles of the various diversified options, we differentiate between growth-oriented and more defensively oriented liquid alternatives strategies. The growth-oriented strategies are focused on generating strong capital growth but can also carry a high level of risk and are therefore most suited to our higher risk diversified investment options. By contrast, the defensively-oriented strategies aim to reduce total portfolio risk by providing positive returns when equity markets experience large negative returns, making them more suitable for our balanced and lower risk diversified investment options.

Diversified options

	Growth (default option)	Equity Growth
Summary	Invests in a wide range of Australian and overseas investments with a bias towards capital growth.	Invests in a range of Australian and overseas investments with a strong bias towards capital growth via a large equities allocation.
Investment objective[1]	CPI + 4.25% pa over rolling 10-year periods after taking into account fees, costs and tax.	CPI + 4.50% pa over rolling 10-year periods after taking into account fees, costs and tax.
Minimum suggested investment timeframe	Medium to long term (7 years)	Long term (10 years)
Standard Risk Measure[4]	6 - High	6 - High
Estimated number of negative annual returns over any 20-year period[4]	4 to less than 6	4 to less than 6
Who might invest in this option?	This option may suit investors who can accept fluctuations in returns, including years of negative returns, but are seeking strong long-term returns.	This option may suit investors who can accept significant fluctuations in returns, including years of negative returns, in exchange for strong long-term returns.

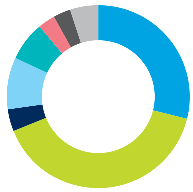
Growth/income allocation[2]

	Growth Target	Growth Range	Equity Growth Target	Equity Growth Range
Growth assets	75%	55% - 95%	92%	72% - 100%
Income assets	25%	5% - 45%	8%	0% - 28%

Strategic asset allocation[2]

Growth (default option)

Equity Growth



	Growth Target	Growth Range	Equity Growth Target	Equity Growth Range
Australian equities	23%	13% - 33%	29%	19% - 39%
International equities	30%	20% - 40%	40%	20% - 50%
Private equity	3%	0% - 23%	4%	0% - 24%
Infrastructure & real assets	9%	0% - 29%	9%	0% - 29%
Property	7%	0% - 27%	7%	0% - 27%
Liquid alternatives (Growth)	3%	0% - 23%	3%	0% - 23%
Liquid alternatives (Defensive)	0%	0% - 0%	0%	0% - 0%
Credit income	5%	0% - 25%	3%	0% - 23%
Fixed income	10%	0% - 25%	0%	0% - 10%
Cash	10%	1% - 45%	5%	1% - 15%
Currency exposure[3]	21%	0% - 40%	28%	0% - 50%

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 26 for information on investment objectives.
2. We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. The current asset allocations are available at **vicsuper.com.au/assetallocations**
3. These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the Trustee may change the currency exposure targets or ranges from time to time. For further information, refer to 'Foreign currency management' on page 26.
4. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 26.

	Balanced	Socially Conscious
Summary	Invests in a diversified portfolio of income and growth assets with a slight bias towards growth assets.	Invests in a wide range of Australian and overseas investments with a slight bias towards capital growth. Note that this option excludes investments considered to have a highly adverse environmental or social impact. For more information, refer to the 'About the Socially Conscious option' section on page 34. CERTIFIED BY RIAA ®[1]
Investment objective[2]	CPI + 3.50% pa over rolling 10-year periods after taking into account fees, costs and tax.	CPI + 3.00% pa over rolling 10-year periods after taking into account fees, costs and tax.

Growth/income allocation[3]

	Balanced Target	Balanced Range		Socially Conscious Target	Socially Conscious Range
Growth assets	57%	37% - 77%	Growth assets	57%	37% - 77%
Income assets	43%	23% - 63%	Income assets	43%	23% - 63%

Strategic asset allocation[3]

Balanced	Target	Range	Socially Conscious	Target	Range
Australian equities	16%	6% - 26%	Australian equities	16%	6% - 26%
International equities	22.5%	12% - 33%	International equities	22.5%	12% - 33%
Private equity	2.5%	0% - 23%	Private equity	2.5%	0% - 23%
Infrastructure & real assets	8%	0% - 28%	Infrastructure & real assets	8%	0% - 28%
Property	8%	0% - 28%	Property	8%	0% - 28%
Liquid alternatives (Growth)	0%	0% - 0%	Liquid alternatives (Growth)	0%	0% - 0%
Liquid alternatives (Defensive)	4%	0% - 24%	Liquid alternatives (Defensive)	0%	0% - 20%
Credit income	10%	0% - 30%	Credit income	10%	0% - 30%
Fixed income	17%	0% - 35%	Fixed income	19%	0% - 35%
Cash	12%	1% - 60%	Cash	14%	1% - 60%
Currency exposure[4]	16%	0% - 33%	Currency exposure[4]	16%	0% - 33%

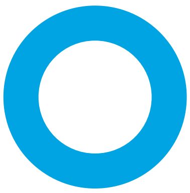
	Balanced	Socially Conscious
Minimum suggested investment timeframe	Medium term (5 years)	Medium term (5 years)
Standard Risk Measure[5]	4 - Medium	5 - Medium to high
Estimated number of negative annual returns over any 20-year period[5]	2 to less than 3	3 to less than 4
Who might invest in this option?	This option may suit investors who can accept some years when returns are negative but who expect that, over the long term, returns will be well above inflation.	This option may suit investors seeking returns from socially responsible investments that can accept some years when returns are negative, but who expect that over the long term, returns will be well above inflation.

1. The Certification Symbol signifies that a product or service offers an investment style that takes into account certain environmental, social, governance or ethical considerations. The Symbol also signifies that the VicSuper Socially Conscious investment option adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superfund Option. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and our Socially Conscious investment option's methodology and performance can be found at **responsiblereturns.com.au**, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.
2. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 26 for information on investment objectives.
3. We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. The current asset allocations are available at **vicsuper.com.au/assetallocations**
4. These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the Trustee may change the currency exposure targets or ranges from time to time. For further information, refer to 'Foreign currency management' on page 26.
5. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 26.

	Capital Stable			Capital Secure		
Summary	Invests in a range of income and growth assets but mostly fixed income and cash, with a small allocation to shares and other assets.			A low risk option investing predominantly in income generating assets such as cash and fixed income (eg bond) investments.		
Investment objective[1]	CPI + 2.50% pa over rolling 10-year periods after taking into account fees, costs and tax.			CPI + 1.75% pa over rolling 10-year periods after taking into account fees, costs and tax.		
Growth/income allocation[2]		**Target**	**Range**		**Target**	**Range**
	Growth assets	38%	18% - 58%	Growth assets	25%	5% - 45%
	Income assets	62%	42% - 82%	Income assets	75%	55% - 95%
Strategic asset allocation[2]						
		Target	**Range**		**Target**	**Range**
	Australian equities	9%	0% - 19%	Australian equities	6%	0% - 16%
	International equities	11.5%	0% - 22%	International equities	7%	0% - 17%
	Private equity	1.5%	0% - 20%	Private equity	0%	0% - 20%
	Infrastructure & real assets	8%	0% - 28%	Infrastructure & real assets	6%	0% - 26%
	Property	8%	0% - 28%	Property	6%	0% - 26%
	Liquid alternatives (Growth)	0%	0% - 0%	Liquid alternatives (Growth)	0%	0% - 0%
	Liquid alternatives (Defensive)	2%	0% - 22%	Liquid alternatives (Defensive)	0%	0% - 20%
	Credit income	10%	0% - 30%	Credit income	4%	0% - 24%
	Fixed income	25%	0% - 45%	Fixed income	25%	0% - 50%
	Cash	25%	1% - 75%	Cash	46%	1% - 85%
	Currency exposure[3]	8%	0% - 22%	Currency exposure[3]	5%	0% - 17%
Minimum suggested investment timeframe	Medium term (4 years)			Short to medium term (3 years)[4]		
Standard Risk Measure[5]	3 – Low to medium			2 - Low		
Estimated number of negative annual returns over any 20-year period[5]	1 to less than 2			0.5 to less than 1		
Who might invest in this option?	This option may suit investors seeking modest capital growth over the medium term who are willing to accept a moderate level of risk. However, remember that in return for relatively few years of negative returns you may be sacrificing the potential for higher long-term returns.			This option may suit investors seeking fairly stable returns over the short to medium term with a low risk of capital loss. However, remember that in return for shorter term stability you may be sacrificing the potential for higher long-term returns.		

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 26 for information on investment objectives.
2. We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. The current asset allocations are available at **vicsuper.com.au/assetallocations**
3. These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the Trustee may change the currency exposure targets or ranges from time to time. For further information, refer to 'Foreign currency management' on page 26.
4. An investment horizon of 3 years is suggested as it provides greater confidence of the investment objective being achieved. However, the low likelihood of a negative return also makes this option suitable for shorter investment horizons (1 to 3 years).
5. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 26.

Single asset class options

	Australian Shares	Cash
Summary	Invests in wide range of companies listed on the Australian Securities Exchange (ASX). Note that this option is passively managed by an index-replicating manager.	Primarily invests in term deposits and other short-term debt securities with a maturity of less than one year. Note that this option is not guaranteed by the Australian Government or the Trustee.
Investment objective[1]	To track the return of the Aware Super Custom Index on MSCI Australia Shares 300,[2] before taking into account fees, costs and tax.	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.
Strategic asset allocation	 **Target** Australian equities[3] 100%	 **Target** Cash 100%
Minimum suggested investment timeframe	Long term (10 years)	Short term (up to 2 years)
Standard Risk Measure[4]	7 – Very High	1 – Very Low
Estimated number of negative annual returns over any 20-year period[4]	6 or greater	Less than 0.5
Who might invest in this option?	This option may suit investors wanting strong long-term returns but who are prepared to accept full exposure to the ups and downs of investing in the share market, including periods of negative returns.	This option may suit investors who seek a very low risk short-term investment with very stable but low expected returns. You should be aware that, depending on prevailing interest rates, the return you receive may not keep pace with inflation, which may mean there is little or no short-term real growth.

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 26 for information on investment objectives.
2. A custom Index calculated by MSCI based on the responsible ownership criteria provided by Aware Super.
3. The asset class may include small cash balances for portfolio management purposes.
4. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to ‘Standard Risk Measures’ on page 26.

Term Deposit

Summary	A non-unitised option that provides a fixed rate of return for a specified term by investing in term deposits. For more information on how term deposits work, see 'About the Term Deposit option' on page 37.
Investment objective[1]	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.
Strategic asset allocation	 **Target** Cash 100%
Minimum suggested investment timeframe	Investors can choose a 3, 6, 9, or 12-month investment timeframe.
Minimum investment amount	$5,000
Maximum investment amount	$5 million
Minimum account balance	$15,000 (excluding any amounts already invested in term deposits)
Standard Risk Measure[2]	1 – Very Low
Estimated number of negative annual returns over any 20-year period[2]	Less than 0.5
Who might invest in this option?	This option may suit investors who wish to lock in a fixed rate of return for the selected term of the investment to better plan for short to medium-term cash flow needs. You should be aware that, depending on prevailing interest rates, the return you receive may not keep pace with inflation, which may mean there is little or no short-term real growth.

1. The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 26 for information on investment objectives.
2. For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to 'Standard Risk Measures' on page 26.

About the Socially Conscious option

We offer the Socially Conscious option for members who want greater certainty about the environmental and social impact of their investments.

The Fund's four pillar approach to integrating ESG considerations into our investment activities applies to all of our investment options, including the Socially Conscious option.[1] However, because the Socially Conscious option is designed for members wanting to avoid particular industries and companies that don't align with their values, the investments for this option are selected and managed according to additional and more specific restrictions and exclusions (ie 'screens').

A key feature of the option is that it excludes investments considered to have a highly adverse environmental or social impact via the application of our screening criteria.

Screening Criteria

The screening criteria applied to the Socially Conscious option as at the date of this PDS is set out below and applies to all asset classes.[2] Investments in companies and other entities involved in the activities described that meet the applicable threshold are excluded from this option. However, note that the screening criteria does not apply to the use of derivatives which may have an indirect exposure to these types of investments.

Climate change screens

Screen	Description	Threshold
Coal[3]	Thermal, energy and metallurgical coal mining, extraction, production, refining and processing.	5% or more of revenue
Coal fired power generation	Thermal coal power generation.	5% or more of revenue
Oil and gas (conventional/ unconventional)	Oil and gas exploration, production, refining and marketing – includes conventional oil, unconventional oil (including oil sands, tar sands, shale oil), as well as conventional and unconventional gas (including Coal Seam Gas and shale gas).	5% or more of revenue
Fossil fuel transportation	Includes fossil fuel (coal, oil and gas) storage & transportation including pipelines, storage tanks, freight, rail and ports.	5% or more of revenue
Fossil fuel supply chain and services	Directly owning and/or supplying fossil fuel (coal, oil and gas) mining equipment, oil & gas equipment & services	5% or more of revenue
Fossil fuel reserves	Companies that hold fossil fuel reserves (whether proven or probable) with the intention of exploration and/or development of those reserves for revenue generation (rather than for own use)	No threshold (ie any company holding reserves for the purpose described)

Ethical screens

Screen	Description	Threshold
Tobacco[4]	Tobacco production/manufacture	5% or more of revenue
Gambling	Production, distribution or provision of services in relation to gambling	5% or more of revenue
Alcohol	Production of alcohol	5% or more of revenue
Pornography	Production and/or distribution of pornography	5% or more of revenue
Uranium	Uranium mining	5% or more of revenue
Nuclear power	Nuclear power production and/or generation	5% or more of revenue
Civilian firearms	Production and/or distribution of civilian firearms and related services	5% or more of revenue
Live animal exports	Owning and/or operating live animal export operations	No threshold (ie companies generating any revenue from live animal exports)

1. See 'Responsible Ownership' on page 22, for more information on our approach and examples of the ESG factors we consider.
2. The screening criteria is periodically reviewed by our Responsible Investment team and may be updated from time to time.
3. There is a Fund wide exclusion for companies generating 10% or more of their revenues directly from mining thermal or energy coal. A lower threshold of 5% is applied to the Socially Conscious option and the exclusion is extended to other forms of coal, such as metallurgical coal. The Socially Conscious screen also incorporates extraction, production, refining , processing and mining, and extends beyond direct investments.
4. As outlined in the 'Responsible Ownership' section (on page 22), there is a Fund wide exclusion in relation to tobacco investments. However, the Socially Conscious screen extends beyond direct investments.

Conventions and controversies-based screens

Screen	Description	Threshold
Controversial weapons[1]	Manufacture/production of controversial weapons, including chemical weapons, cluster munitions, land mines and depleted uranium.	Any involvement
Corporate controversies	Companies consistently involved in very severe incidents/corporate controversies, or that are believed to be at high risk of being involved in serious incidents in the future (see examples below).	Any involvement

Exclusion of an investment as a result of the Corporate controversies screen will be based on an assessment by the Responsible Investment team. Where available, relevant screens/scores provided by external ESG data providers will be considered as part of the assessment. Importantly, companies will be assessed not just against minimum allowable legal standards but also against perceived best practice.

Examples of negative corporate behaviours that may result in a company being excluded from the Socially Conscious option are provided below.

- Environmental, ecological and biodiversity wrongdoings: including companies complicit in excessive or unauthorised emissions of CO_2 and other greenhouse gases, companies contributing to worsening water quality and companies with inadequate waste management practices.
- Bribery and corruption: including both authenticated allegations and convicted violations.
- A lack of commitment to engagement and cultural sensitivity to indigenous people and local communities.
- Violation of human rights: including companies not adhering to the UN Guiding Principles for Business and Human Rights, for example by engaging in child labour, or otherwise not upholding international labour standards.
- Corporate governance failings: including companies that fail to undertake adequate investigations and implement preventative measures in relation to identified corporate governance issues.
- Serious health and safety failings: including companies that fail to undertake adequate investigations and implement preventative measures in relation to identified health and safety issues.

Discretionary exclusions

A company may be identified as being unsuitable for the Socially Conscious option for factors outside the formal criteria above at the discretion of the Responsible Investment team. In such cases, the company will be assessed and considered for divestment from the option. Engagement with the relevant company to discuss the specific concerns may be sought, although is not a requirement. In order for an excluded company to be re-included in the portfolio at a later date, it must demonstrate substantive improvements in relation to the issues of concern. A plan for improvement only is not sufficient to warrant reinvestment.

Ongoing monitoring

The Socially Conscious option's investments are periodically reviewed to ensure they meet the criteria for inclusion. For listed assets, a quarterly review of the holdings against the screening criteria is undertaken. For unlisted assets, a detailed assessment is undertaken prior to the initial investment, and at least once a year thereafter, to ensure the screening criteria continues to be met.

If an investment is identified as not meeting the criteria, it will be sold or removed from the option as soon as reasonably practicable, but typically within two months, subject to liquidity constraints.

Note that implementation of the screening criteria may be affected by the accessibility and accuracy of data, or an error by an external service provider. This may result in inadvertent holdings, typically over the short term, in investments we are seeking to exclude.

Management of the Socially Conscious option

We have appointed a number of specialist external investment managers to manage the equities and a portion of the fixed income asset classes for the Socially Conscious option. These managers have their own socially responsible investment guidelines outlining what in their view constitutes labour standards and environmental, social and ethical considerations. They have a methodology for taking these standards and considerations into account when selecting, retaining and selling investments, although must adhere to the screening criteria outlined above. These specialist managers are also required to have a robust ESG scoring framework in place that seeks to ensure their portfolios are overweight companies with better ESG practices.

For all other investments and asset classes in the Socially Conscious option, we leverage the investment managers (both internal and external) responsible for managing these investments for the whole Fund. However, investments assessed as not meeting the screening criteria are excluded from the option.

A list of the investment managers applicable to the Socially Conscious option is available at **vicsuper.com.au/investmentmanagers**

We have absolute discretion to change the underlying investment managers and the ESG considerations that are taken into account in the investment process. In addition, we may divest from sectors, industries or investments without prior notice, in line with our Responsible Investment Policy, as updated from time to time.

Investment risk may be higher for the Socially Conscious option since it isn't as well diversified. This is due to the exclusion of specific industries like alcohol, gambling and fossil fuels and having fewer investment managers than the other diversified investment options. For an indication of risk, see the Standard Risk Measure on page 30.

1. As outlined in the 'Responsible Ownership' section (on page 22), there is a Fund wide exclusion in relation to controversial weapons investments. However, the Socially Conscious screen extends beyond direct investments.

Changing your investment options

Switching your investment options

You can switch your investment option, or mix of options, on any business day, provided you do not have an investment switch or term deposit application pending. You can switch online (if you have registered for our online services), or by completing a *Change your investment options* form (V501).

If we receive a valid request from you to switch the investment option(s) for your current account balance by 11:59pm (for online requests) or before 4pm (for paper requests) on a business day, we will normally process it using the unit prices that apply for the next business day[1] when they become available. If we don't have enough information from you to proceed with your request, a later unit price may be used.

You cannot cancel a switch request or term deposit application once submitted and you cannot submit any additional change requests until your initial request has been finalised, which is generally within three business days.

Rebalancing your investment options

If you are invested in more than one investment option, the percentage of your account balance in each option will change over time as a result of market movements and how you receive your income payments. This could mean that the risk profile of your account balance changes. As a result, you may wish to rebalance your account periodically to bring the percentage invested in each investment option back in line with your original selection.

When you rebalance your account, you may be moving money from options that have performed well to options that have not performed as well. While this may seem counterintuitive, it's important to remember that it can be risky to rely too heavily on any one asset class. There is also the possibility that the asset class or investment option with the highest returns one year may not perform as well the following year.

We offer a rebalancing feature which realigns your account balance with your chosen mix of investment options at 1 July each year.[2] If you would like us to rebalance your account on 1 July each year, you can opt in for rebalancing via VicSuper MembersOnline or by completing a *Change your investment options* form (V501) available from **vicsuper.com.au/forms**

Please read all of the information in this PDS before making an investment switch decision. You should choose investment options to suit your personal objectives, financial situation and needs, and consider seeking advice from a financial planner before you choose or change your investment option(s).

1. A business day is all weekdays excluding the following public holidays: New Year's Day, Australia Day, Good Friday, Easter Monday, ANZAC Day (when it falls on a weekday), Queen's Birthday (in June), Christmas Day and Boxing Day.
2. If you hold a term deposit at 1 July and you have elected to rebalance your account, only the funds invested in non-term deposit investment options will be rebalanced in line with your chosen mix of investment options.

About the Term Deposit option

How the Term Deposit option works

The Term Deposit option is a non-unitised investment option that provides a fixed rate of return for terms of 3, 6, 9, or 12 months.[1] The latest term deposit rates are available at **vicsuper.com.au/investments**

Each term deposit you hold must be a minimum of $5,000 and a maximum of $5 million. In addition, you must have:

- A minimum account balance of $15,000 (excluding any amounts already in the Term Deposit option), and
- The greater of $10,000 or 10% of your account balance invested in options other than Term Deposit – this is because deductions cannot be withdrawn from funds in the Term Deposit option.

You can apply for a term deposit on any business day provided you have no other term deposit application, maturity, or change of investment options pending. Once you submit an application for a term deposit (or any investment option), it cannot be cancelled.

Term deposit applications will be effective the business day after we receive your application, although note that it generally takes an additional two business days to process the application and display it in VicSuper MembersOnline. The term deposits you select will receive the interest rates applicable on the business day following receipt of your correctly completed *Term deposit application* form (V504)[2] if received at our Melbourne office before 4pm, or before 11.59pm if an online application via VicSuper MembersOnline.

On maturity, the funds in your term deposit will be transferred to the Cash option. Note that two business days are required to fully process and finalise the transaction. If you wish to apply for another term deposit, you can do so by completing a new *Term Deposit application* form (V504) or apply online via VicSuper MembersOnline.

Once funds are invested in a term deposit, you will not be able to move those funds to another investment option or make a withdrawal until after the term deposit matures and the funds have been transferred to the Cash option.

Early termination

Early termination of a term deposit before its maturity date is subject to our discretion (as Trustee) and we retain the right not to allow a term deposit to be terminated early.

An interest adjustment in the form of a reduction in accrued interest may apply where a term deposit is terminated before maturity. However, we will generally allow early termination of a term deposit without an interest adjustment in the following circumstances:

- Death
- Terminal illness
- Total and permanent disability
- Permanent incapacity
- Financial hardship
- Compassionate grounds (as determined by the ATO).

Rollovers

A term deposit is an illiquid investment since it requires an investment for a fixed term. As a result, if you have a term deposit investment and request a rollover or transfer of a benefit in full to another fund, we may not be able to process it within the 30-day period ordinarily required under superannuation legislation. Instead, the portion of your account balance in investment options other than the Term Deposit option, minus $6,000 (to cover the administration fee, account-keeping fee and income payments) will generally be transferred to another fund nominated within three business days. The remainder of your account balance will be transferred within the three business days of maturity of the relevant term deposit(s).

Other important information

When investing in a term deposit, it is important that you also understand the following rules and restrictions:

- If there are insufficient funds in an investment option from which you have elected to withdraw money to invest in a term deposit, the remaining required funds will be withdrawn from the investment option with the highest available balance.
- If there are insufficient funds in your account to cover a term deposit application (eg due to a drop in the value of the account between the date of application and the date the term deposit becomes effective), the term deposit application will not be approved.
- If we receive a term deposit application and a change of investment option request on the same day, the term deposit application will be processed first, unless you provide us with clear instructions to do otherwise. This means that your request to change investment options will not be processed until the term deposit application has been finalised, which generally takes three business days.

1. The maturity date may not be an exact number of months after the start date, due to the incidence of weekends and any public holidays during the term.
2. Available at **vicsuper.com.au/termdeposit**

Unit Prices

The money you invest with us is pooled with other members' savings and then invested to earn you a return. This allows access to a wider range of investments.

Your account is invested in one or more investment options. Other than Term Deposit, the investment options are unit-based, and the value of your account is determined by the value of your investment in the investment options you have chosen (or your investment in the Growth option, if you have not made a choice).

Money invested is used to buy units, and units are redeemed whenever money comes out of the investment option. The number of units bought or redeemed depends on the current unit price (see 'How the unit price is calculated' below).

Each business day[1] we calculate the unit price of each investment option (other than the Term Deposit Option, for which interest rates apply). We multiply the number of units you have by the unit price to determine the value of your investment in the option. The value of your investment in the option goes up and down depending on whether the unit price has gone up or down on that day.

In certain circumstances, such as the closure of investment markets, a delay in an underlying manager issuing unit prices, or if an underlying manager delays or suspends transactions, we may suspend unit pricing because it may not be possible to calculate a fair unit price. The suspension of unit pricing could be for some time and we are not responsible for any losses caused by these delays.

The unit prices for each investment option are published the following business day, generally after 6pm. For the latest unit prices and term deposit rates, go to **vicsuper.com.au/investments**

How the unit price is calculated

At the end of each business day,[1] the value of the assets in each investment option is reported by the fund's custodian. We then deduct fees and expenses to calculate the net value for each investment option. We divide the net value by the number of units issued for that investment option, which gives us the unit price.

Let's say the total asset value of the Growth investment option is $10,000,000 and there are 5,000,000 units issued to members. This means the unit price is $2.00 ($10,000,000 ÷ 5,000,000).

If the investment return is 10% after fees, then the total value of the Fund will increase by 10% to $11,000,000.

The number of units hasn't changed so the new unit price is $11,000,000 ÷ 5,000,000 = $2.20.

Value of each investment option

The unit price of each unitised investment option is based on the net value of the assets in that option. The net value is equal to the sum of the market value of the individual assets less investment expenses, fees charged by external investment managers, amounts payable to the custodian, transaction costs and internal investment management costs.

If the investment option earns positive returns, both the unit price and the value of your investment will rise. Conversely, if the investment option experiences negative returns, the unit price and the value of your investment will both fall.

Income payment example

Sarah chooses to receive payments from her VicSuper Term Allocated Pension account monthly, on the last working day of the month. She has chosen to receive her payments from her money invested in the Cash option.

At the end of January, Sarah receives her payment of $2,000. She has 50,000 units in the Cash option at that time. The applicable unit price is used to calculate the number of units deducted from her account.

Let's say the unit price was 0.95000. Sarah would have 2,105.26316 units (ie $2,000/0.95000 units) deducted for her payment amount. After Sarah's income payment is made, she will have 47,894.73684 units (ie 50,000 units – 2,105.26316 units) remaining in the Cash option.

1. A business day as defined on page 36.

Other information

How the assets of the Fund are held

We have appointed State Street Australia Limited as custodian, whose role is to:

- hold the assets of the Fund on our behalf,
- perform certain administrative, unit pricing, accounting, taxation, monitoring and reporting functions for the Fund.

We may replace the custodian at any time without notice to you.

Securities lending

Securities lending involves the temporary transfer of a security, for example a share or bond, from the owner (lender) to another investor or financial intermediary (borrower), in exchange for collateral in the form of cash or securities.

The Trustee participates in a securities lending program, the primary rationale for which is to generate additional revenue to improve investment outcomes for members. Importantly, the program is subject to various controls and limits and regular reviews are performed to ensure the risks associated with lending assets of the Fund are commensurate with the reward.

The Fund's securities lending arrangements can be altered or terminated at any time.

Use of derivatives

Derivatives, such as futures or options, are investment products whose value is derived from the underlying investment. For example, the value of a share option is linked to the value of the underlying share. Gains and losses from holding positions in derivatives can occur due to market movements.

Derivatives may be used:

- to manage risk (eg foreign currency hedging)
- for asset allocation purposes
- as a way to implement investment positions efficiently, and
- to enhance returns.

Derivative contracts must not be held unless, at all times, there are sufficient assets to support the liability under each contract (ie derivatives cannot be used to leverage an investment option directly). We may also invest in unlisted trusts which employ leverage and derivatives with the objective of enhancing returns (eg hedge funds).

Valuation of the fund's assets

Investments are valued regularly so that transactions can be processed at values that are fair and reasonable. Some investments, such as shares, fixed income and cash investments, are valued daily, while others are valued less frequently.

Listed investments such as shares are valued based on the end of day price quoted for the relevant exchange, for example the ASX. Fixed income securities, which are not traded on listed markets, such as government and corporate bonds, are valued using market average prices from independent sources.

Assets valued less frequently than daily include investments in real property and infrastructure, private equity, and some hedge funds. The timing of the valuations for these assets varies, but is typically quarterly or monthly, with all assets valued at least on an annual basis. Valuations of these assets are carried out by registered valuers or under pre-determined valuation methods.

What happens to your money on your death?

Your death benefit is the remaining balance in your TAP, after our fees and any applicable taxes have been deducted. The benefit is paid once we have received all the necessary documentation.

Trustee discretion

When a member dies, we (as Trustee) are responsible for the fair and reasonable distribution of the member's death benefit by allocating the benefit between the member's dependants and/or legal personal representative.

This is done after seeking input from potential beneficiaries, a process which allows us to consider all relevant circumstances at the time of the member's death.

If you would like your death benefit paid according to Trustee discretion, you do not need to do anything.

Choosing what happens to your income stream

If you would like to choose what happens to your income stream on your death, you could:

- have nominated a reversionary beneficiary (that could only be elected at the time you joined)
- make a binding death benefit nomination
- make a non-binding death benefit nomination.

A death benefit cannot be paid as a pension to a non-dependant – it must be paid as a lump sum.

For example, if you have nominated an adult child to receive your death benefit, they will not generally be able to continue to receive your super benefits as an income stream after your death.

Subject to eligibility, it may be possible for a non-dependant to use the lump sum to begin his or her own super income stream.

If a formal nomination of a beneficiary is invalid for any reason, Trustee discretion will apply.

Who can I nominate as a beneficiary?

Under current superannuation law and our Trust Deed, your death benefit may be paid to your dependants (including financial dependants) and/or your legal personal representative.

For super purposes, a dependant is defined as:

- a spouse, which includes another person (whether of the same sex or a different sex), who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple, or another person with whom the person is in a relationship that is registered under a law of a State or Territory
- a child of any age, which includes an adopted child, a stepchild, an ex-nuptial child or a surrogate child recognised by the court, or a child of the person's spouse
- any other person who is wholly or partially dependent on you at the time of your death
- any other person with whom you have an interdependency relationship at the time of your death.

Two people have an interdependency relationship if:

1. they have a close personal relationship, and
2. they live together, and
3. one or each of them provides the other with financial support, and
4. one or each of them provides the other with domestic support and personal care.

Also, two people (whether or not related by family) have an interdependency relationship if they have a close personal relationship, but do not satisfy points 2, 3 and 4 listed above because either or both of them suffer from a physical, intellectual or psychiatric disability or because they are temporarily living apart.

It should be noted that adult children are dependants for superannuation purposes, but are generally not dependants for tax purposes unless they are financially dependent.

Reversionary beneficiary

If you nominated a reversionary beneficiary when you commenced your TAP in the VicSuper Fund, this person will automatically receive your pension after you die.

A reversionary beneficiary cannot be a child over age 18 unless financially dependent and then, once the child turns 25, any reversionary income stream must be commuted to a lump sum (tax-free) unless the child is permanently disabled.

If you nominated a reversionary beneficiary, in the event of your death your TAP must continue to be paid to your reversionary beneficiary for the remaining term of your pension. This means that generally, your reversionary beneficiary will not have the option to commute the pension to a lump sum upon your death.

Changing your reversionary beneficiary

In the event of the death of your reversionary beneficiary separation or divorce, you may choose to cancel your existing reversionary beneficiary nomination.

However, you cannot make a new reversionary beneficiary nomination. You may only choose to make a new binding/non-binding death benefit nomination.

As this is a complex area, we recommend you seek advice from one of our financial planners. To make an appointment, call us on **(03) 9667 9200**.

Binding death benefit nominations

A binding death benefit nomination enables you to decide who will receive your death benefit (provided they are a dependant or legal personal representative).

We are obliged to pay your death benefit in accordance with a valid nomination to your dependants and/or legal personal representative in the proportions you have determined.

Binding nominations are subject to specific legislative conditions and witnessing formalities, and will lapse if they are not updated every three years.

> It is important to update your binding death benefit nomination if there is a significant change to your family circumstances to check that your nomination continues to reflect your wishes. Significant changes may include the death of a dependant, the birth of a child or the end of a relationship.
>
> We will not accept binding death nominations made under a Power of Attorney.

For a binding death benefit nomination to be valid at the time of your death, you should check that:

- you have correctly completed the *Make, amend or cancel a death benefit nomination* form (V830)
- your nominated beneficiary or beneficiaries are dependants (see page 40 for the definition of 'dependant') and/or your legal personal representative
- your nomination was signed and dated by you in the presence of two witnesses who are age 18 or over and are not nominated as beneficiaries
- your nomination includes a signed and dated declaration by the witnesses which confirms they were present when you signed the form
- the allocation of the death benefit among all beneficiaries is clear. When nominating multiple beneficiaries, only full percentages can be accepted
- your nomination is valid. This means you have completed the form correctly and no more than three years have passed since you signed or last confirmed your nomination.

If there is any information on your form that is unclear, we will contact you to confirm the details. An unclear nomination may not be valid.

If your binding death benefit nomination is not valid or ceases to be valid for any reason, your death benefit will be paid to your dependants or your legal personal representative in accordance with Trustee discretion.

An invalid nomination may still be an important consideration for us when determining the payment of your death benefit, even though it is not binding.

Nominating your legal personal representative

You can nominate your legal personal representative on the *Make, amend or cancel a death benefit nomination* form (V830).

This means that your death benefit will be paid to your executor if you have a valid will at the date of your death or an administrator if you do not have a will.

How long is your binding death benefit nomination valid for?

Your binding death benefit nomination is valid for three years from the date it is signed by you and your witnesses.

It is your responsibility to keep your binding death benefit nomination valid.

You should also consider any change to your personal circumstances and check that your binding death benefit nomination continues to reflect your wishes.

If you require assistance, please call our Member Centre on **1300 366 216**.

Can you amend or cancel your binding death benefit nomination?

You can complete a *Make, amend or cancel a death benefit nomination* form (V830) at any time to amend or cancel your binding death benefit nomination, providing the form is correctly completed and all the requirements indicated on the form are met.

If you elect a binding death benefit nomination and you wish to amend your nomination so it is paid according to Trustee discretion, the binding death nomination must be formally cancelled or have lapsed.

If you cancel your binding death benefit nomination, your death benefit will be paid to your dependants or your legal personal representative in accordance with Trustee discretion.

Non-binding death benefit nominations

A non-binding death benefit nomination enables you to nominate a preferred beneficiary or beneficiaries for the payment of your death benefit and is subject to Trustee discretion.

Nominated beneficiaries must be your dependants and/or your legal personal representative.

This nomination does not bind us to pay your death benefits to your preferred beneficiary or beneficiaries, but it will be an important consideration when we determine how to apportion the benefit payable on your death.

To make a non-binding death benefit nomination, complete the *Make, amend or cancel a death benefit nomination* form (V830) attached to the back of this publication.

Taxation of death benefits

For information relating to the taxation of death benefits, please refer to page 43.

Taxes

VicSuper Term Allocated Pension is a tax effective retirement income stream.

One of the advantages of investing your money in a VicSuper TAP account is that you do not pay tax on any investment returns. This enables your capital to grow in a tax-free environment.

All the taxes explained in this section are set by the Commonwealth Government and administered by the ATO. The taxes only relate to super benefits paid from a taxed source, such as our Fund.

This tax information is based on tax laws that were current at 1 October 2020.

Age 60 or over

If you are 60 or over no tax is payable on lump sum withdrawals.

Tax may be payable in relation to the income streams. Generally, if the amounts received from a TAP and other capped defined benefit income streams exceed the defined benefit income cap for the year, then 50% of the excess is assessable.

Components of your income payments and lump sum withdrawals.

Your income payments and lump sum withdrawals will consist of two components:

1. A tax-free component	This consists of any post 1 July 2007 non-concessional contributions (this is called the 'contributions segment'). It also includes the following components that were fixed as at 30 June 2007: • undeducted contributions before 1 July 2007 • pre-1983 component • capital gains tax exempt component • concessional and post-June 1994 invalidity components.
2. A taxable component	This is the total super benefit less the tax-free component.

Proportioning method and payments

Lump sum withdrawals (available in limited circumstances) and regular income payments will be paid in proportion to the tax-free component and taxable component as at the commencement of your TAP in the VicSuper Fund.

This proportion is fixed for the life of the income stream. You cannot choose which tax components your income payments and lump sum withdrawals are taken from.

Example 1

Emma is age 57 and her TAP commenced on 1 July 2007 with $350,000. The components of her income stream at commencement are:

	Amount	Proportion
Tax-free	$245,000	70%
Taxable	$105,000	30%
Total	$350,000	100%

The proportions are important as Emma's income payments and lump sum withdrawals will be paid from the two components in accordance with this proportion.

Example 2

Emma elects to receive a monthly income payment of $2,000. In accordance with the proportions above, 70% of the income payment will be tax-free ($1,400) and 30% will be taxable ($600). These proportions will apply to all income payments made from her account.

Transfer balance cap

The VicSuper TAP is considered to be a 'capped defined benefit income streams' under the transfer balance cap legislation. This legislation normally limits the amount of funds that can be transferred into the tax-free retirement phase to $1.6 million (in the 2020/21 year).

If you exceed this cap, you are generally required to withdraw the excess amount from your account-based retirement income stream. However, since capped defined benefit income streams (such as the TAP) cannot generally be commuted, special rules apply where the total 'special value' of your capped defined benefit income streams exceeds $1.6 million. In this case, additional tax may be payable on your capped defined benefit income stream payments. We recommend you speak to your financial planner should you wish to obtain more information.

Providing your tax file number (TFN)

Under the *Superannuation Industry (Supervision) Act 1993,* the Trustee is authorised to collect your TFN, which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change.

The Trustee may disclose your TFN to another superannuation fund when your benefits are being transferred, unless you write to the Trustee and request that your TFN not be disclosed to any other superannuation fund.

You are not legally required to provide us with your TFN, however giving your TFN to us will have the following advantages, which may not otherwise apply:

- We will be able to accept all types of contributions to your account or accounts.
- The tax on contributions to your account or accounts will not increase.
- Other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your superannuation benefits.
- And it will make it much easier to trace different superannuation accounts in your name, so that you receive all your superannuation benefits when you retire.

If you do provide your TFN it will be kept confidential by us and the ATO.

Taxation of death benefits

Please note that the tax arrangements outlined here relate to death benefits paid from a taxed fund only, such as our Fund.

The tax treatment for death benefits will differ depending on whether it is paid to dependants or non-dependants for tax purposes, and whether it is paid as a lump sum or as an income stream.

Lump sum death benefits paid to a dependant

Lump sum death benefits paid to a dependant for tax purposes will be paid tax-free.

A dependant for this purpose is defined below:

- a spouse or former spouse, which includes another person (whether of the same sex or a different sex), who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple, or another person with whom the person is in a relationship that is registered under a law of a State or Territory
- a child less than age 18, which includes an adopted child, a stepchild, an ex-nuptial child or a surrogate child recognised by the court, or a child of the person's spouse
- any other person with whom you have an interdependency relationship at the time of your death
- any other person who was dependent upon you at the time of your death.

Two people are considered as having an interdependency relationship if:

1. they have a close personal relationship, and
2. they live together, and
3. one or each of them provides the other with financial support, and
4. one or each of them provides the other with domestic support and personal care.

Two people (whether or not related by family) also have an interdependency relationship if they have a close personal relationship, but do not satisfy points 2, 3 and 4 listed above because either or both of them suffer from a physical, intellectual or psychiatric disability or because they are temporarily living apart.

Lump sum death benefits paid to a non-dependant

Lump sum death benefits paid to non-dependants for tax purposes such as adult children who are not financially dependent will be subject to 15% tax plus Medicare levy on the taxed element of the taxable component of the benefit.

Death benefits paid as income

A death benefit can only be paid as an income stream to a dependant for tax purposes, which may include a dependent child or a permanently disabled child.

In the case of a dependent child, the income must be withdrawn as a lump sum when the child turns age 25.

The income is subject to the following tax conditions when paid to a dependant or reversionary beneficiary:

Generally, no tax will apply if the deceased is age 60 or over at the date of death or the beneficiary is age 60 or over when the benefit is received.

Death benefits and the transfer balance cap

Where a death benefit is paid to an eligible dependant as a retirement phase income stream, it will generally be credited to the dependant's transfer balance account.

If you die and have elected a reversionary beneficiary, the ATO will add a credit (calculated as at just after your date of death) to your reversionary beneficiary's transfer balance account 12 months after the date of your death.

If the value of the death benefit makes the reversionary beneficiary's transfer balance account exceed the transfer balance cap ($1.6 million for the 2020/21 financial year), they will have 12 months from the date of your death to reduce their transfer balance account without penalty.

Special rules apply where the recipient is a dependent child.

Further information

For tax-related information, please contact the ATO Superannuation Helpline on **13 10 20**.

All forms can be downloaded from **vicsuper.com.au/forms** or call our Member Centre on **1300 366 216** to request a copy.

Other information

Complaints resolution

We aim to provide you with helpful and professional service by addressing your concerns as compassionately, effectively and efficiently as possible.

We have a procedure for dealing with member enquiries or complaints about the operation or management of the Fund.

If you are not satisfied with a decision made by us, you can phone or write to us at the address below to register your complaint with us and we will review the matter. We will investigate your complaint and provide a response within 90 days or provide an explanation for additional time required.

The contact details are:
Tel: **1300 366 216**
Fax: **(03) 9667 9610**

or write to us at the address below:

VicSuper Complaints Coordinator
Aware Super
GPO Box 89
MELBOURNE VIC 3001

If you are not satisfied with the outcome of our complaint review or our handling of your complaint, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: **www.afca.org.au**
Email: **info@afca.org.au**
Telephone: **1800 931 678** (free call)
Postal address: **GPO Box 3**
MELBOURNE VIC 3001

AFCA will only consider a member's complaint if they have first lodged a complaint with us, which was not resolved to their satisfaction.

AFCA does not consider privacy complaints. For details of how to make a privacy complaint, please refer to our privacy policy which is explained in the next section.

Privacy

We are subject to the Australian Privacy Principles in the *Privacy Act 1988* (Cth). We, and our administrator, collect and hold personal information relating to members. The member information we hold is used for administration purposes, the provision of financial planning advice and for promotional activities.

In some cases, we engage third parties to host electronic data (including data in relation to the services we provide) on our behalf.

These data warehouses may be located overseas in countries including Germany, the United Kingdom and the United States and must have in place appropriate security and privacy protocols. If we do not have all your necessary personal information, we may not be able to process an application from you or you may not receive certain benefits that you are entitled to as a member.

We take security measures to protect the personal information we hold. Your information is only accessible by Fund personnel and authorised service providers of the Trustee, including the administrator and insurer. Access to your details is protected, however your spouse/de facto may be entitled to obtain information about your super in certain circumstances (ie family law matters).

Our privacy policy contains information about how you may access and seek correction of your personal information, how you may complain about a breach of your privacy and other important information about how your personal information is collected, used and disclosed. For further information about how your personal information is handled, please phone us on **1300 366 216** or visit **vicsuper.com.au/privacy** to view our privacy policy. A paper copy of the policy can be provided free of charge on request.

Information about the Trustee

For information about us including our board of directors, their appointment and election procedures and Australian Prudential Regulation Authority (APRA) and Australian Financial Services licences, visit **vicsuper.com.au**

Super and Bankruptcy

Under the *Bankruptcy Act 1966* (Cth), super contributions made on or after 5 August 2006 in order to defeat creditors can be recovered by the trustee of a bankrupt's estate. In certain circumstances a super trustee can be served with freezing orders and payment orders from the Official Receiver in respect of a bankrupt's super account. There are also circumstances in which a court can order payment of money from the account to the trustee of the bankrupt's estate.

We are required by law to comply with such orders.

Family law legislation

Under the *Family Law Act 1975*, in the event of a divorce the Family Court treats super benefits in the same way as other property that can be valued and split or offset, and makes orders that bind a super fund trustee.

These options are also available to de facto couples, including same sex couples, on the breakdown of the relationship.

Alternatively, divorcing partners may draw up their own financial agreement regarding their super which, when properly executed and served, will be binding on the Trustee.

We may be required to:

- divide super benefits between the former partners
- create a new account for a spouse who was not previously a member of the Fund to hold their share of super benefits as a result of divorce
- flag benefits to be divided later on (eg after a disability claim is resolved).

Although super may be divided like property, super benefits that are split or offset on divorce will retain their preservation status and will be subject to relevant legislation governing payment and taxation of super benefits.

Family law super splits on Term Allocated Pensions will impact your transfer balance cap (which is $1.6 million for the 2020/21 financial year). See page 42 for details about the cap.

In addition, under the legislation trustees are obliged to provide each spouse with the information necessary to value super benefits so court orders or agreements can be made.

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Get in touch – we're here to help

Call our Member Centre
1300 366 216 (from outside Australia +61 3 9667 9875)
and speak to us between 8.30am and 5pm, Monday to Friday

To make an appointment to see one of our financial planners
call **(03) 9667 9200**

Send us a fax
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