VicSuper Term Allocated Pension

Product Disclosure Statement

1 July 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 the First State Superannuation Scheme (known as 'First State Super' or 'the Fund') and the Victorian Superannuation Fund (VicSuper Fund).

The TAP is now issued by FSS Trustee Corporation (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 22 for details) except the assets are now held by the Trustee. Please see page 23 for further information about the investment options available for your TAP.

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 17 for further details of fees and other costs, and pages 34 to 35 for further details of taxes payable.

Issued by FSS Trustee Corporation (ABN 11 118 202 672, AFSL 293340) as trustee of the First State Superannuation Scheme (ABN 53 226 460 365). This product disclosure statement (PDS) has been prepared by FSS Trustee Corporation (referred to in this document as the 'Trustee', 'we', 'us', 'our'), the trustee of the First State Superannuation Scheme (referred to as 'First State 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 now 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.

Contents

About the Fund

We are a profit-to-member fund which is open for anyone in Australia to join. VicSuper is a division of the Fund. VicSuper Term Allocated Pension was previously a product in the Victorian Superannuation Fund.

From July 1 2020, it is now issued by the Trustee as a result of the transfer of all members and assets in the Victorian Superannuation Fund to First State Superannuation Scheme ('the Fund'). 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, from simple phone advice at no additional fee through to more complex financial planning 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 FIRST STATE SUPER

On 30 June 2020, VicSuper merged with First State Super forming one of Australia's largest super funds. Together we manage more than $120 billion in savings for more than 1 million Australians. VicSuper chose to merge with First State Super because of our strong alignment in both membership and values. Like VicSuper, First State Super is a profit-to-member fund with a core objective to help their members get the best possible outcome for their future, and a commitment to responsible ownership when it comes to investing their members' money.

The merger gives us an opportunity to continue to provide members with the best possible benefits long into the future. Our greater size and scale will allow us to provide significant benefits to members such as increased investment opportunities and greater scope to improve products and services.

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 17 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?

Super is a tax-effective way to save for your retirement. Superannuation is an investment and all investments carry some risk. You should make yourself aware of and consider all risks, having regard to your own personal circumstances, before making decisions about your super.

Common risks that may affect your super investment include:

Counterparty

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.

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.

Derivatives 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.

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 are working with our external fund managers, and with the listed companies in which we invest, to address these impacts. Our Climate Change Adaptation Plan outlines how we will do this by:

- weather-proofing our investment portfolio by assessing asset specific climate change risks and looking at options to build resilience
- engaging with corporate boards and senior executives to proactively assess and manage climate change risk, and
- finally, by seeking new investment in renewable energy assets and other sectors that benefit from climate change adaptation.

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.

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 (such as in the event of a pandemic). 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 interest 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.

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 pre-mixed options have been designed to generate returns above inflation as measured by the Consumer Price Index (CPI).

Market risk (systemic 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.

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.

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.

Specific risk

Specific risk refers to the non-market risk exposure of assets. Individual assets can fall in value for many reasons. For example, changes in the internal operations or management of a fund or company, or in its business environment.

Each of our investment options is exposed to these investment risks to different degrees, depending on the assets that are allocated to the option.

For example, investment risk may be slightly higher for the Socially Conscious investment option because the portfolio is not as well diversified and has fewer underlying investment managers compared to our standard investment options. Investment risk may also be higher due to the exclusion of specific industries including fossil fuels, alcohol and gambling.

You can find further information about the risks of each option on our website under our investment policy and investment options.

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.

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 interest 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.

The importance of diversification

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 either investing in the pre-mixed investment options, which have a mixed portfolio of assets, or by investing in a variety of single asset class Investment options. However, you should keep in mind that by investing in the single asset class investment options, your super may not be as well diversified compared to our pre-mixed options.

This is because not all asset classes are available as single asset class options (eg infrastructure or private equity). Before choosing an investment option(s), you should assess your risk/return profile and the level of diversification you require.

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

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 trustee discretion, based on available information.

See pages 32 to 33 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 32 to 33 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 34 to 35 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.

Commonwealth legislation requires superannuation fund trustees to set out their fees and other costs incurred in managing a super fund in the following fees and costs template.

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 16 and 17.

VicSuper Term Allocated Pension

Type of fee	Amount	How and when paid
Investment fee[1,3]	Ranges between 0% pa and 0.32% pa (estimated)	The investment fee accrues daily and is deducted from the investment option/s in which you invest. They are included in the calculation of the unit prices, which determines your investment returns. **They are not deducted directly from your account**.
Administration fee[1] Account-keeping fee Administration fee	 $1.50 per week *plus* 0.22% pa	The administration fee and account-keeping fee are deducted from your account at the end of each month in arrears. These fees are capped at a combined total of $125 per month per account.
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[2]	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)[1,3]	Ranges between 0% pa and 0.54% pa (estimated)	The ICR accrues daily and is deducted from the investment option/s in which you invest. They are included in the calculation of unit prices, which determines your investment returns. **They are not deducted directly from your account**.

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. For more information, please see 'Financial planning' on page 15.
3. The investment fees and ICR 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. Actual investment fees and indirect costs may vary depending on the fees and costs incurred by us in managing the investment option, and cannot be estimated precisely in advance. The figures disclosed are based on historical information provided to us by the former trustee of the Victorian Superannuation Fund. It is anticipated that the investment fees and ICRs incurred in the 2020/21 financial year will change as a result of the transfer of the products to the Fund and a restructure of the underlying investment portfolios and associated reduced fee and cost structures. If it becomes apparent that actual costs will differ materially the estimates will be updated.

Example of annual fees and costs for our Growth investment option

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

EXAMPLE – the Growth investment option		Balance of $50,000
Investment fees[1]	0.23% pa	For every $50,000 you have in the Growth investment option you will be charged $115 each year.
PLUS Administration fees	**Account-keeping fee** $78.21 ($1.50 per week) **Administration fee** 0.22% pa	**And,** you will be charged $78.21 in account-keeping fees regardless of your balance plus an administration fee of $110.
PLUS Indirect costs for the Growth investment option[1]	0.54% pa	**And,** indirect costs of $270 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 $573.21 for the Growth investment option.

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

1. The investment fee and ICR 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. Actual investment fees and indirect costs may vary, depending on the fees and costs incurred by us in managing the investment option and cannot be estimated precisely in advance. The figures disclosed are based on historical information provided to us by the former trustee of the Victorian Superannuation Fund. It is anticipated that the investment fees and ICRs incurred in the 2020/21 financial year will change as a result of the transfer of the products to the Fund and a restructure of the underlying investment portfolios and associated reduced fee and cost structures. **These fees are not deducted directly from your account.** See investment fees and indirect cost ratios on page 15.

Additional explanation of fees and costs

Defined fees

Type of fee or cost	Definition	How it applies to your VicSuper 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 fees applicable to your account are: • Account-keeping fee (1.50 per week) plus • Administration fee (0.22% pa) For further information please see page 15.

Defined fees *continued*

Type of fee or cost	Definition	How it applies to your VicSuper Allocated Pension account
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. For further information please see page 15, section 'Financial planning'.
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. For further information on transaction costs please see page 16.
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.	The indirect cost ratios applicable to your account ranges between 0% and 0.54% pa (estimated).
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. Actual investment fees vary depending on the fees incurred by us in managing the investment option and cannot be estimated precisely in advance. For further information please see page 15.
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.

Low account balance fee cap
The Federal Government has introduced measures to stop fee erosion for members with low account balances.

If your account balance in your VicSuper TAP is less than $6,000 at the end of the 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 will apply for the number of days during the year you had the account.

Administration and account-keeping fees
The administration and account-keeping fees are deducted from your account balance at the end of each month.

The combined fees are capped at a maximum of $125 per month per account.

Additionally, a low account balance fee cap applies. Refer to the 'Low account balance fee cap' section above.

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. 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 and ICR related costs which are estimates and the actual fees may be more or less than estimated.

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

Service	Personal advice limited to your interest in your super account
Details	Single issue advice about investment choice, voluntary contributions, insurance and starting an income stream (Limited circumstances)
Fee	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.

Investment fees
The investment fee represents the estimated investment-related costs incurred by us for investing your super. It includes fees paid to external investment managers, investment consulting fees, custodian costs and internal costs relating to investment management.

The investment fee is factored into the calculation of unit prices for each investment option. Table A (see page 16) shows estimates of the Fund's investment fees per investment option 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. Actual investment fees may vary depending on the fees incurred by us in managing the investment option, and cannot be estimated precisely in advance.

Caps on these fees may apply for some members. Refer to 'Low account balance fee cap' section above.

Indirect cost ratio (ICR)
The ICR represents the estimated investment-related costs for investing your super. It includes costs in relation to 'interposed vehicles' (see definition later in this section).

The indirect cost is factored into the calculation of unit prices for each investment option.

Table A (see page 16) shows estimates of the Fund's indirect cost ratio per investment option 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. Actual costs may vary depending on the fees incurred by us in managing the investment option, and cannot be estimated precisely in advance.

Caps on these fees may apply for some members. Refer to 'Low account balance fee cap' section above.

Performance-related fees
We do not deduct any performance fees from member accounts. However, some of the external managers of the unlisted trusts that we invest in may charge a performance-related fee that is payable when the manager's investment performance exceeds a specified benchmark. These are included in the investment fee and the ICR and are indirectly borne by members who are invested in that investment option.

The amount of performance-related fees payable is dependent on the individual arrangement we have with the relevant managers.

The actual performance-related fees are taken into account when calculating the unit price of each investment option (where applicable).

Table B (see page 17) shows estimates of the Fund's estimated performance-related fees per investment option based on the performance-related fees that these investment options incurred in the Victorian Superannuation Fund for the 12 months ended 30 June 2020. The actual performance fees may vary from year to year and cannot be estimated precisely in advance.

1. Seek professional financial advice, consider your own circumstances and read this PDS before making a decision about investing in the VicSuper Term Allocated Pension product. Contact us to make an advice appointment. Advice is provided by State Super Financial Services Australia Limited (ABN 86 003 742 756, AFSL 238430) ('StatePlus'), our financial planning business which is wholly owned by us. You should read the StatePlus Financial Services Guide before making a decision. For more information call **(03) 9667 9200**.

Transactional and operational costs

These are costs incurred in the management of our investments, in particular, the acquiring and disposing of assets. Such costs include brokerage, buy-sell spreads (for some investments held by us), settlement costs, clearing costs and government duties.

Most of these costs are already included as part of the Investment fee and indirect cost ratio for each investment option.

Certain implicit costs (representing the difference between the bid price and the ask price for certain securities) represent an additional cost to you because they have not already been included in calculating investment fees or ICRs.

The actual implicit transaction costs are taken into account when calculating the unit price of each investment option (where applicable).

Table B (see page 17) shows estimates of the Fund's transactional and operational costs per investment option based on the estimated transactional and operational costs that these investment options incurred for the 12 months ended 30 June 2020 in the Victorian Superannuation Fund. The actual cost may vary from year to year and cannot be estimated precisely in advance.

Property operational costs

Property operational costs are transactional and operational costs that relate to the management of real property held within an investment option. The estimated property operational costs (if any) for each of the investment options for the year ending 30 June 2020 are set out in Table B (see page 17) and are based on the estimated property operational costs that these investment options incurred for the 12 months ended 30 June 2020 in the Victorian Superannuation Fund.

The costs for the current period may vary from these amounts and cannot be estimated precisely in advance.

Property operational costs have not been included in costs disclosed in the investment fees or indirect cost ratios shown for each investment option (Table A, below).

These property operational costs are an additional cost to investors.

Borrowing costs

Borrowing costs are the costs relating to any credit facility used within an invested interposed vehicle. These costs are recovered from revenues of the interposed vehicle before the distribution of earnings, and therefore, in effect, are reflected in the unit prices through the valuation of the interposed vehicle.

Table B shows estimates of the Fund's borrowing costs per investment option based on the estimated borrowing costs that these investment options incurred in the Victorian Superannuation Fund for the 12 months ended 30 June 2020. The actual cost may vary from year to year and cannot be estimated precisely in advance.

These borrowing costs are an additional cost to investors.

Table A: Estimated investment fees and costs[1] per investment option for the 2020/21 financial year

Investment option	Investment fee (estimated pa)[1]	Indirect cost ratio (estimated pa)[1]	Total	Estimated total investment fees and costs expressed as $ per $50,000
Cash	0.02%	0.00%	0.02%	$10
Term Deposit	0.00%	0.00%	0.00%	Nil
Capital Secure	0.14%	0.23%	0.37%	$185
Capital Stable	0.18%	0.39%	0.57%	$285
Balanced	0.21%	0.45%	0.66%	$330
Socially Conscious	0.15%	0.45%	0.60%	$300
Growth	0.23%	0.54%	0.77%	$385
Equity Growth	0.30%	0.42%	0.72%	$360
Australian Shares	0.32%	0.00%	0.32%	$160

1. The investment fee and ICR shown 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. Actual investment fees and indirect costs may vary and will depend on the actual fees, costs and taxes incurred by us in managing the investment option(s). The figures disclosed are based on historical information provided to us by the former trustee of the Victorian Superannuation Fund. It is anticipated that the investment fees and ICRs incurred in the 2020/21 financial year will change as a result of the transfer of the products to the Fund and a restructure of the underlying investment portfolios and associated reduced fee and cost structures. They cannot be estimated precisely in advance. If it becomes apparent that actual costs will differ materially the estimates will be updated. **These fees are not deducted directly from your account**. Caps on the fee may apply for some members. Refer to 'Low account balance fee cap' section on page 15.

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.

Interposed vehicles

We offer members' investment opportunities into funds they may not be able to access as an individual, which allows for greater access to a broader asset pool.

These underlying investments often have costs associated with them.

If these investments meet ASIC's definition of an 'interposed vehicle', we are required to disclose the costs associated with these underlying investments. We have disclosed these costs as indirect costs.

A vehicle such as an unlisted property trust may be an interposed vehicle if it is invested in, as a means of gaining exposure to property, as part of a balanced option's asset allocation to property.

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 34 and 35.

Table B: Estimated transactional & operational costs, property operational costs, performance-related fees and borrowing costs per investment option for the 2020/21 financial year[1]

Investment option	Transactional and operational costs (estimated pa)	Property operational costs (estimated pa) These costs are not included in the investment fee or ICR	Performance-related fees (estimated pa) These costs are included in the investment fee or ICR	Borrowing costs (estimated pa) These costs are not included in the investment fee or ICR
Cash	0.01% (of which 0.01% has **not** been included in the investment fee and/or ICR)	0.00%	0.00%	0.00%
Term Deposit	0.00%	0.00%	0.00%	0.00%
Capital Secure	0.22% (of which 0.07% has **not** been included in the investment fee and/or ICR)	0.06%	0.01%	0.05%
Capital Stable	0.34% (of which 0.15% has **not** been included in the investment fee and/or ICR)	0.08%	0.05%	0.06%
Balanced	0.42% (of which 0.21% has **not** been included in the investment fee and/or ICR)	0.08%	0.07%	0.06%
Socially Conscious	0.30% (of which 0.09% has **not** been included in the investment fee and/or ICR)	0.09%	0.07%	0.06%
Growth	0.49% (of which 0.26% has **not** been included in the investment fee and/or ICR)	0.08%	0.11%	0.06%
Equity Growth	0.50% (of which 0.38% has **not** been included in the investment fee and/or ICR)	0.00%	0.14%	0.00%
Australian Shares	0.56% (of which 0.48% has **not** been included in the investment fee and/or ICR)	0.00%	0.00%	0.00%

1. The transactional and operational costs, property operational costs, performance-related fees and borrowing costs are based on the estimated transactional and operational costs, performance-related fees and borrowing costs that these investment options incurred in the Victorian Superannuation Fund for the 12 months ended 30 June 2020. Actual amounts may vary and will depend on the actual fees, costs and taxes incurred by us in managing the investment option(s). The figures disclosed are based on historical information provided to us by the former trustee of the Victorian Superannuation Fund. It is anticipated that transactional and operational costs, property operational costs, performance-related fees and borrowing costs incurred in the 2020/21 financial year will change as a result of the transfer of the products to the Fund and a restructure of the underlying investment portfolios and associated reduced fee and cost structures. They cannot be estimated precisely in advance. If it becomes apparent that actual costs will differ materially the estimates will be updated.

Our investment policy

To help grow your super savings for later in life, our investment policy is to:

- offer a range of investment options that covers the varying levels of risk and expected return that people seek for their super savings
- set a return objective for each investment option
- invest each option according to a strategic asset allocation which may be varied within dynamic asset allocation ranges (where applicable), and
- invest for the long-term by integrating environmental, social and governance (ESG) considerations into our investment decision making process.

The money you invest with us is pooled with other members' savings, then invested to earn you a return. Pooling money allows access to a wide range of investments, which is common practice among super funds.

Investment objectives

Each investment option has a stated objective which is the desired investment outcome for that 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 pre-mixed option and the Australian Shares 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 Cash and Term Deposit options are generally to track or outperform a relevant market benchmark or index, for example, the Bloomberg AusBond Bank Bill Index.

We may change the investment objective of an investment option from time to time without notifying you.

Our investment strategy

Our primary goal is to optimise our members' retirement savings by diversifying across a range of asset classes and investing for the long-term.

Strategic asset allocation

Each pre-mixed option is assigned a medium to longer term target asset allocation, known as the strategic asset allocation. The strategic asset allocation is the percentage of monies allocated to asset classes including equities, alternatives (such as credit and liquid alternatives), real assets (such as property and infrastructure), fixed interest and cash for each investment option. It is the strategic asset allocation that predominantly influences the expected risk and expected investment return for each option. We also establish asset allocation ranges which are the minimum and maximum amounts we can invest in each asset class (in normal operating circumstances).

The strategic asset allocation and asset allocation ranges for each investment option, as at the date of this PDS, are shown in the investment option tables on pages 24 to 28. Note that each of the asset classes may include 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.

Foreign currency management

When investing in overseas assets such as international equities or fixed interest, 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.

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.

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. Our investment managers can be changed at any time, and a current list of managers by asset class is available 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 (dynamic) and strategic asset allocation to get the target 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 pre-mixed 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.

Responsible ownership

As a large investor, we must be mindful of the impact our investments make in markets, communities and on the environment, and are a signatory to the Principles for Responsible Investment (PRI) which promote sustainable investment.

This reflects our belief that poor management of long-term ESG related risks by a company has the potential to impact our members' investment returns and may also harm the broader community and environment. Responsible ownership is an approach to investing that explicitly incorporates consideration of ESG issues into investment decisions to better manage risk and generate strong long-term returns. Our approach to responsible ownership applies to the Fund as a whole and consists of three main pillars:

Integration into the investment process – we actively incorporate ESG considerations into the investment due diligence, selection, and monitoring processes, and expect the investment managers we partner with to monitor ESG risks that relate to the Fund's investments.

Proxy voting – 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 plans, and climate-related disclosure and action. Information on our voting decisions are available at **vicsuper.com.au/responsibleinvestment**

Engagement – we regularly engage with the companies we invest in to encourage them to improve their ESG policies and practices, and ensure they are focussed on generating long-term sustainable returns for our members. Note that although our approach is predominantly one of engagement rather than divestment, if engagement fails to address issues of significant concern, we may decide to exclude a particular company or industry from the Fund's investments. We allow our investment managers some flexibility to determine the manner in which ESG considerations are implemented and have no pre-determined views regarding what they regard to be a labour standard or an environmental, social or ethical matter, or how these matters should be incorporated into investment decisions, except as outlined below.

Exclusions

We have decided to exclude direct investment in those companies involved in the manufacture of cigarettes and other tobacco products from all of our investment options. Our decision to prohibit these investments was based on an assessment of the challenges and outlook for the sector, as well as the known adverse health effects of tobacco products. Note that the Fund may have an immaterial, indirect exposure to tobacco companies. However, the exposure is regularly monitored to ensure that it remains immaterial and does not exceed the limit agreed by us. We may divest from sectors, industries or investments from time to time without prior notice, in line with each option's strategic asset allocations and our Responsible Investment Policy as updated from time to time.

You can read our Responsible Investment policy on our website at **vicsuper.com.au/responsibleinvestment** or you can obtain a copy without additional charge from us.

Socially Conscious investment option

Our Socially Conscious investment option incorporates a wide range of explicit social and environmental objectives and it aims to help our members:

- take action on climate change by not investing in companies that hold fossil fuel reserves used for energy purposes;
- minimise social harm by not investing in companies that are materially involved in activities that potentially cause social harm, for example tobacco production, alcohol, gambling, military weapons, civilian firearms, nuclear power, adult entertainment and genetically modified organisms;
- protect human rights, labour rights and the environment by not investing in companies that have been involved in severe incidents and/or controversies, or have been found not to be adhering to widely accepted global conventions.

The objectives are achieved by applying a number of exclusionary screens when selecting companies for investment.

These exclusionary screens only apply to the equities and fixed interest components of the investment option.

We may introduce additional screenings in the future. Investments across the other asset classes apply an ESG integration approach.

Investment risk may be slightly higher for the Socially Conscious investment option because the portfolio is not as well diversified and has fewer underlying investment managers compared to our standard investment options. Investment risk may also be higher due to the exclusion of specific industries including fossil fuels, alcohol and gambling. Notwithstanding, its investment universe is sufficiently diverse to avoid inadequate diversification.

Equities

Realindex Investments[1] is the manager of the Australian and international equity investments in the Socially Conscious investment option.

The equity portfolio follows a systematic equity strategy with the composition of the portfolio being constructed and traded by Realindex.

After applying the exclusionary screens in the table on page 21, a combined stock selection and portfolio weighting process is applied to the remaining stocks in the investable universe.

In this process, companies are selected and weighted in order to favour companies with good financial quality, value, and momentum. Each of these attributes is measured as a composite of several underlying financial metrics.

In addition, an ESG signal is incorporated into the process so that firms with better ESG credentials will be preferred. This signal is derived from data provided by external providers, and is made up of an overall ESG score, any change to this ESG score, and the occurrence of recent ESG incidents.

A full list of the equities that Socially Conscious invests in is available at **vicsuper.com.au/sociallyconscious**

Fixed Interest

BlackRock Investment Management (Australia) Limited (AFSL 230523) is the manager of one of the Australian fixed interest investments in the Socially Conscious investment option. It applies exclusionary screens to the corporate bonds it invests in.

BlackRock is also the manager of the international fixed interest investments in the Socially Conscious investment option. For international fixed interest, it applies exclusionary screens to both corporate bonds and Treasury and Government-Related bonds it invests in.

Our Socially Conscious investment option is invested in BlackRock's iShares ESG Australian Bond Index Fund (ESGB) (ESGABI) and iShares ESG Global Bond Index Fund (ESGOBI), which implement customised indices. ESGABI uses a Bloomberg Barclays MSCI Australia 100mn ESG weighted SRI Select Index. ESGOBI uses a Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels Index (AUD hedged). Both ESGABI and ESGOBI exclude non-government securities associated with fossil fuels, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, military weapons, civilian firearms and nuclear power, as well as companies with an MSCI controversies score of 0. In addition, ESGOBI excludes Treasury and Government-related issuers with an MSCI ESG Government rating below BB. The definitions for exclusion, together with the ESG weighting methodology for ESGABI, can be found at **vicsuper.com.au/sociallyconscious**

The composition of the indices is maintained and reviewed regularly and rebalanced monthly.

We undertake an annual review of the Socially Conscious investment option and its objectives.

1. First Sentier Investors Realindex Pty Limited (Realindex), ABN 24 133 312 017, AFS Licence 335381, www.realindexinvestments.com.au

Socially Conscious investment option Environmental, social and labour objectives and exclusionary screens	
Take action on climate change	Excludes investment in companies: • with coal, oil and/or gas reserves used for energy purposes. • deriving 5% or more revenue from mining of thermal coal or thermal coal based power generation.[1] • whose principal business revenue is derived from direct fossil fuel activity in the following GICS[2] sub-industries: Integrated Oil & Gas; Oil & Gas Exploration & Production; Oil & Gas Refining & Marketing; Coal & Consumable Fuels; Oil & Gas Storage & Transportation; Oil & Gas Drilling; Oil & Gas Equipment & Services[1,3]
Minimalise social harm	Excludes investment in companies materially[4] involved in: • Tobacco • Alcohol • Gambling • Civilian Firearms • Military Weapons (cluster munitions, landmines, depleted uranium, biological/chemical[1], nuclear, conventional) • Nuclear Power • Adult Entertainment • Genetically Modified Organisms
Protect human and labour rights and the environment	Excludes companies that have been involved in significant[5] ESG controversies, or are predicted[6] to have a high risk of being involved in such incidents in future. Controversies include incidents pertaining to society and the community, employees, the environment, business ethics, and the operations, products, and services of the company.

CERTIFIED BY RIAA

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 our 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 the 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.[7]

1. This criterion applies to equities only.
2. The Global Industry Classification Standard (GICS) is an industry taxonomy developed in 1999 by MSCI and Standard & Poor's (S&P) for use by the global financial community.
3. Companies who demonstrate that they are transitioning to clean energy may remain investable.
4. Materially means the company generally derives greater than 5% revenue from the activity.
5. For equities, companies with a "Severe" controversy score are excluded. For fixed interest, companies with an MSCI controversies score of 0 are excluded.
6. Companies with an ESG rating below a specified threshold will not be selected for investment.
7. 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.

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.

Consultants

We appoint an asset consultant to advise us on appropriate asset allocation for each of the pre-mixed investment strategies and provide research on managers in each of the asset classes.

This includes an evaluation of each manager's investment style and its suitability to complement other current and potential managers. We also engage specialist consultants as required to assist in providing the Trustee with specific advice relating to various specialist asset sectors.

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 (i.e. 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).

Securities lending

Securities lending arrangements generally assist the efficiency of global financial markets by increasing liquidity and enabling prices to better reflect the underlying value of the securities.

Securities lending arrangements can be altered or terminated at any time.

Understanding the asset classes

An asset class refers to a group of assets that are considered to have similar risk and return characteristics.

Equities

Equities are often called company shares or stocks. This asset class potentially provides the highest average long-term returns but may also be subject to a higher risk of low or negative returns (high volatility) in the short to medium term.

Equities are classified as growth assets because they primarily provide returns in the form of capital gain (or loss) as well as a dividend or income yield.

Our investments in this asset class are shares in public companies listed on stock exchanges, which can be bought and sold by the public. The asset class is made up of two main sub-asset classes, being Australian equities and international equities. The latter includes both developed and emerging market equities.

Returns are made when the market price increases and dividends are paid. On the other hand, investment losses are made when the market price of these shares decreases. Note our Australian and international equities asset classes can also include a small exposure to unlisted companies.

Alternatives

Investments in this asset class currently consist of, but are not limited to, Australian and international private (unlisted) equity, credit income and liquid alternatives. The private equity sub-asset class contains equities that are not listed on stock exchanges.

Over time other sub-asset classes may be added to alternatives. The alternatives asset class will hold investments that do not fall under any of the other four asset classes.

Real assets

These are investments in property, infrastructure and other assets. We have defined the 'real assets' asset class as exhibiting the attributes of both growth and defensive assets.

1. **Property**
   These are assets such as office buildings, shopping centres and industrial buildings. These investments are usually structured for capital growth and rental income. Returns are made from rental income and movements in property market value.
2. **Infrastructure and real assets**
   These are assets that deliver services necessary for daily life and economic activity such as airports, seaports, railways, power and water utilities (including renewables), toll roads and pipelines. Returns are made from fees, patronage, rental income and the revaluation of assets. Infrastructure assets includes investments in agriculture, including land and water assets, as well as timber assets (mainly plantation timber or managed forest) which are managed for the production of pulp, chip, sawn timber and higher-value wood products.

Fixed interest

These are investments in debt instruments issued by governments, semi-government agencies, supranationals/sovereigns agencies and corporations. Often called 'bonds', they are issued for a set amount (the principal or face value) over an agreed period, usually at an agreed interest rate (the yield). Returns are made from regular coupon payments and the movement in capital value.

Cash

Cash investments include a range of short and medium-term interest-bearing investments, such as term deposits, bank bills and treasury notes. 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.

Investment options

As a member of the Fund, you can choose one investment option, or a mix of investment options. Our range of options covers a wide variety of expected risk and return profiles that may suit your needs.

Each of our investment options has a Standard Risk Measure, ranging from very low for the Cash and Term Deposit options, through to very high for the Australian Shares Option. Our investment option and their varying risk and return profiles are represented in the stylised diagram below.

Broadly speaking, investment options vary because of the mixture of growth and defensive assets in them. Options with a high allocation to growth assets typically experience greater volatility, meaning the unit price will go up and down more frequently and the likelihood of negative returns in any one financial year is higher. Options with a lower percentage of growth assets (and a higher percentage of defensive assets) are usually less volatile and less likely to have negative returns in any one financial year.

Investing in a range of assets

We have determined an appropriate split between growth and defensive assets for each option that is consistent with the option's risk level and is most likely to meet the option's investment objective. Some assets may be part growth and part defensive, due to sub-class categorisation, eg property.

Growth assets have the potential to achieve capital growth over the medium to long term. They include Australian equities, international equities, property, infrastructure, private equity, hedge funds and real return strategies. 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 defensive assets and have a greater potential to produce negative returns in the short to medium term.

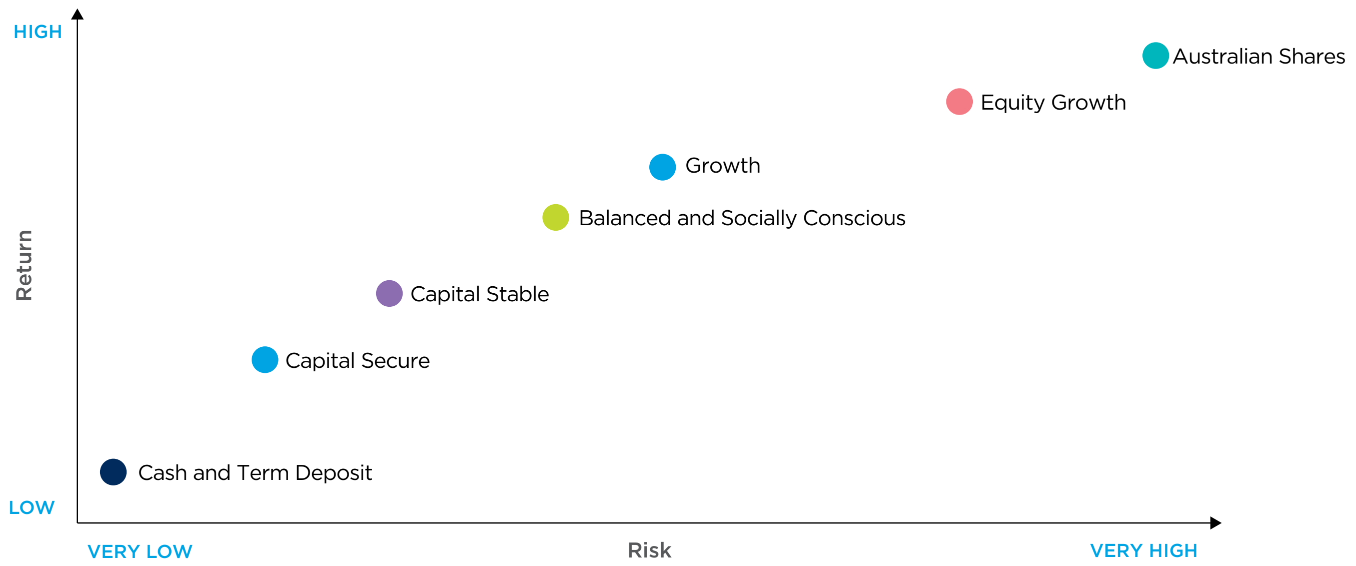
Defensive assets (also known as income assets) generally provide an income stream and typically include fixed interest, cash and some alternative assets such as credit income investments. These investments are generally considered to be less risky than growth assets, but can at times produce a negative return.

For more information on what is included in each asset class, refer to 'Understanding the asset classes' on page 22.

Please note:
The higher the likelihood of fluctuations in annual investment returns, the greater the likelihood of negative returns in a particular year or years.

Our investment options: long-term risk and expected return

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.



We offer you a range of investment options

VicSuper Term Allocated Pension provides a range of investment options, covering the varying levels of risk and expected investment return that people generally seek for their super savings.

Cash

Description	This option has no allocation to growth assets, with a very low risk of fluctuating returns.
Investment return objective	To earn an investment return (after investment expenses) that matches or exceeds the Bloomberg AusBond Bank Bill Index.
Growth/defensive asset split	Growth 0% Defensive 100%
Most suitable for	Investors who have a very low tolerance for risk.
Minimum suggested investment timeframe	No minimum timeframe is suggested.
Asset classes	 **Asset** / **Strategic Asset Allocation** / **Target Range** Cash / 100% / N/A
Standard Risk Measure[1]	**Risk band:** 1 **Risk label:** Very low ●○○○○○○ **Estimated number of negative annual returns over any 20 year period:** Less than 0.5

1. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. We assess the Standard Risk Measure for each of the investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

	Term Deposit	Capital Secure
Description	This option has no allocation to growth assets. Once selected, the interest rate and term of the term deposit is locked in and cannot change.	This option has a 25%[1] allocation to growth assets. The risk of fluctuating returns is low.
Investment return objective	To earn an investment return (after investment expenses) that matches or exceeds the Bloomberg AusBond Bank Bill Index.	To earn an investment return of 1.80% per annum (after investment expenses) above the rate of inflation, over rolling 10-year periods.
Growth/defensive asset split	Growth 0% Defensive 100%	Growth 25%[1] Defensive 75%[1]
Most suitable for	Investors who have a very low tolerance for risk.	Investors who have a low tolerance for risk.
Minimum suggested investment timeframe	Investors can choose a 3, 6, 9 or 12 month investment timeframe.[5]	1-year plus

Asset classes

Term Deposit

Asset	Strategic Asset Allocation	Target Range
Cash	100%	N/A

Capital Secure

Asset	Strategic Asset Allocation[1]	Target Range[1]
Equities	12%	0-27%
Alternatives[2]	9%	0-24%
Real assets[3]	14.5%	0-29.5%
Fixed interest	30%	15-45%
Cash	34.5%	19.5-49.5%

Standard Risk Measure[4]

	Term Deposit	Capital Secure
Risk band:	1	2
Risk label:	Very low ●○○○○○○	Low ●●○○○○○
Estimated number of negative annual returns over any 20 year period:	Less than 0.5	0.5 to less than 1

1. These numbers have been rounded.
2. Alternatives are classified as part growth and part defensive.
3. Real assets are classified as part growth and part defensive.
4. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. We assess the Standard Risk Measure for each of the investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.
5. Term Deposit interest rates vary depending on the chosen term (3, 6, 9 or 12 months) and date commenced. To view current rates go to our website.

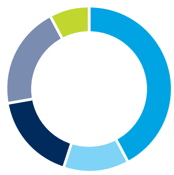
	Capital Stable	Balanced
Description	This option has a 41%[1] allocation to growth assets. The risk of fluctuating returns is low to medium.	This option has a 61%[1] allocation to growth assets. The risk of fluctuating returns is medium.
Investment return objective	To earn an investment return of 2.80% per annum (after investment expenses) above the rate of inflation, over rolling 10-year periods.	To earn an investment return of 3.90% per annum (after investment expenses) above the rate of inflation over rolling 10-year periods.
Growth/defensive asset split	Growth 41%[1] Defensive 59%[1]	Growth 61%[1] Defensive 39%[1]
Most suitable for	Investors who have a low to medium tolerance for risk.	Investors who have a medium tolerance for risk.
Minimum suggested investment timeframe	3-years plus	5-years plus

Asset classes

Capital Stable

Asset	Strategic Asset Allocation[1]	Target Range[1]
Equities	24%	9-39%
Alternatives[2]	11%	0-26%
Real assets[3]	17%	2-32%
Fixed interest	30%	15-45%
Cash	18%	3-33%

Balanced



Asset	Strategic Asset Allocation[1]	Target Range[1]
Equities	42%	27-57%
Alternatives[2]	13%	0-28%
Real assets[3]	17%	2-32%
Fixed interest	20%	5-35%
Cash	8%	0-23%

Standard Risk Measure[4]

	Capital Stable	Balanced
Risk band:	3	4
Risk label:	Low to medium ●●●○○○○	Medium ●●●●○○○
Estimated number of negative annual returns over any 20 year period:	1 to less than 2	2 to less than 3

1. These numbers have been rounded.
2. Alternatives are classified as part growth and part defensive.
3. Real assets are classified as part growth and part defensive.
4. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. We assess the Standard Risk Measure for each of the investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

	Socially Conscious	Growth
Description	This option has a 61%[1] allocation to growth assets. The risk of fluctuating returns is medium.	This option has a 74% strategic asset allocation to growth assets. The risk of fluctuating returns is medium to high.
Investment return objective	To earn an investment return of 3.90% per annum (after investment expenses) above the rate of inflation over rolling 10-year periods.	To earn an investment return of 4.65% per annum (after investment expenses) above the rate of inflation over rolling 10-year periods.
Growth/defensive asset split	Growth 61%[1] Defensive 39%[1]	Growth 74% Defensive 26%
Most suitable for	Investors who have a medium tolerance for risk.	Investors who have a medium to high tolerance for risk.
Minimum suggested investment timeframe	5-years plus	7-years plus

Asset classes

Socially Conscious

Asset	Strategic Asset Allocation[1]	Target Range[1]
Equities	42%	27-57%
Alternatives[2]	13%	0-28%
Real assets[3]	17%	2-32%
Fixed interest	20%	5-35%
Cash	8%	0-23%

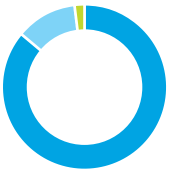
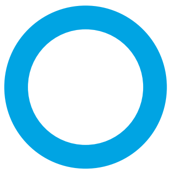
Growth

Asset	Strategic Asset Allocation	Target Range
Equities	52%	37-67%
Alternatives[2]	15%	0-30%
Real assets[3]	18%	3-33%
Fixed interest	13%	0-28%
Cash	2%	0-17%

Standard Risk Measure[4]

	Socially Conscious	Growth
Risk band:	4	5
Risk label:	Medium ●●●●○○○	Medium to high ●●●●●○○
Estimated number of negative annual returns over any 20 year period:	2 to less than 3	3 to less than 4

1. These numbers have been rounded.
2. Alternatives are classified as part growth and part defensive.
3. Real assets are classified as part growth and part defensive.
4. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. We assess the Standard Risk Measure for each of the investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

	Equity Growth	Australian Shares
Description	This option has a 98% allocation to growth assets and a high risk of fluctuating returns.	This option has a 100% allocation to growth assets and a very high risk of fluctuating returns.
Investment return objective	To earn an investment return of 5.15% per annum (after investment expenses) above the rate of inflation over rolling 10-year periods.	To earn an investment return of 5.15% per annum (after investment expenses) above the rate of inflation over rolling 10-year periods.
Growth/defensive asset split	Growth 98% Defensive 2%	Growth 100% Defensive 0%
Most suitable for	Investors who have a high tolerance for risk.	Investors who have a very high tolerance for risk.
Minimum suggested investment timeframe	7-years plus	7-years plus
Asset classes		
Standard Risk Measure[3]	**Risk band:** 6 **Risk label:** High ●●●●●●○ **Estimated number of negative annual returns over any 20 year period:** 4 to less than 6	**Risk band:** 7 **Risk label:** Very high ●●●●●●● **Estimated number of negative annual returns over any 20 year period:** 6 or greater

Equity Growth – Asset classes:

Asset	Strategic Asset Allocation[1]	Target Range[1]
Equities	86%	71-100%
Alternatives[2]	12%	0-27%
Cash	2%	0-17%

Australian Shares – Asset classes:

Asset	Strategic Asset Allocation	Target Range
Equities	100%	N/A

1. These numbers have been rounded.
2. Alternatives are classified as part growth and part defensive.
3. The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. We assess the Standard Risk Measure for each of the investment options based on the option's strategic asset allocation. Members should not rely exclusively on the Standard Risk Measure and should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

Changing investment options

As a member of the VicSuper Term Allocated Pension, you can change your investment option, or mix of options, with a risk and expected return profile that may suit your needs.

Changing your investment options

You may change your investment option, or mix of options, on any business day (except if you have a pending investment switch or term deposit application) via VicSuper MembersOnline at **vicsuper.com.au** or by completing the *Change your investment options* form (V501).

When you change your investment option/s, your balance is determined using the following business day's unit price.

If your request is received through VicSuper MembersOnline by 11.59pm on any day, or received by mail at our Collins Street (Melbourne) office before 4pm, it will be processed using the next business day's unit prices. You cannot make another change to your investment options (including investing in the Term Deposit Option) until your initial request has been finalised, which is generally in three business days.

Cancelling your investment option request

Once submitted, you cannot cancel a change of investment option or term deposit application request.

Rebalancing your investment options

If you choose more than one investment option, 'rebalancing' allows you to realign your account balance with your chosen mix of investment options at 1 July each year.

For example, if 50% of your account is invested in the Cash Option and 50% is invested in the Growth Option, you may choose to receive income payments or make a withdrawal from just one option, eg the Cash Option. This will change the proportion of your money in each investment option.

When unit prices are applied to your account, this will also change the amount invested in each of your chosen investment options.

Rebalancing does not change your investment options – it simply realigns your account balance with your chosen mix of investment options at 1 July each year.

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.

If you would like 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-and-disclosure**

Investing in a term deposit

We have a range of investment options, including a Term Deposit Option. You can choose from 3, 6, 9 and 12 month terms.

To commence a term deposit, you must have a minimum account balance of $15,000 (excluding any amounts already in term deposits) and you must leave the greater of $10,000 or 10% of your account balance invested in options other than a term deposit. This is because partial withdrawals, income payments and deductions cannot be withdrawn from a term deposit.

Each term deposit you hold must be a minimum of $5,000 and a maximum of $5 million. (Term deposits count towards your transfer balance cap. For the 2020/21 financial year, the cap is $1.6 million. See page 35 for details.)

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

- You can apply for a term deposit on any business day provided you have no other term deposit application, maturity, or change of investment option pending. Term deposit applications will be effective the business day after we receive your application (however note that another two days are required to fully process the application and display it in VicSuper MembersOnline).
- The interest rates that apply to term deposits are available at **vicsuper.com.au/investments** and are subject to change without notice.
- 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) (if received by mail at our Collins Street (Melbourne) office before 4pm) or online application via VicSuper MembersOnline (if received before 11.59pm).
- Once you submit an application for a term deposit (or any investment option), it cannot be cancelled.

- If we receive a *Term deposit application* form (V504) 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.
- On maturity, the funds in your term deposit will be transferred to the Cash Option. Another two 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, make a partial withdrawal or rebalance your account until after the term deposit matures and the funds have been transferred to the Cash Option.
- Early termination of a term deposit before its maturity date will only be allowed (subject to our discretion, as trustee) if a request for a payment is provided and the term deposit needs to be redeemed early in order to process the payment. An interest adjustment in the form of a reduction in accrued interest, may apply where a term deposit is redeemed before maturity. We retain the right to not allow a term deposit to be terminated early. However, we will allow early termination of a term deposit without an interest adjustment in the following circumstances:
  - Death
  - Terminal illness
- 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.
- A term deposit is an illiquid investment because by nature it requires an investment for a fixed term. We will usually not be able to rollover or transfer your withdrawal benefit in full to another fund, if requested, within the 30 day period ordinarily required under superannuation legislation where an investment choice has been made. Instead any non-term deposit investment options minus $6,000 (to cover the administration fee, account-keeping fee) will generally be transferred to another fund nominated within three business days, and the term deposit investments and any remaining non-term deposit investments will be processed within the three business days of maturity of the term deposit.
- The maturity date of a term deposit may not be an exact number of months after the start date, due to the incidence of weekends and any public holidays.

To download the *Term deposit application* form (V504), go to **vicsuper.com.au/termdeposit**

For information on our range of investment options, see pages 24 to 28.

SUPER ADVICE FROM A QUALIFIED FINANCIAL PLANNER

If you would like to discuss your investment strategy and determine the best option, or mix of options, for your risk and return profile, make an appointment with one of our financial planners. Visit **vicsuper.com.au/advice** or call us on **(03) 9667 9200**.

Unit prices

A new unit price is set every business day for each investment option.

Our custodian calculates the unit prices each business day based on the value of the assets in the investment option at that time. Unit prices change when the values of these assets change

Investment fees, indirect costs and imputation credits (where applicable) are factored into calculating the unit prices for each investment option (other than term deposits).

The money you rolled in to start your VicSuper Term Allocated Pension account bought 'units' in the investment option or mix of options that you chose. Each of our investment options has a daily unit price, which reflects the net value of the assets within the investment option.

Unit prices can go up or down, similar to share prices. A change in a unit price over time is a reflection of the investment performance of the assets in the investment options.

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**

When we receive a change of investment option request for your account the unit price of the following business day will generally be applied. If we don't have enough information from you to proceed with your request, a later unit price may be used.

Lump sum withdrawals and income payments are paid using the latest available unit price at the time of payment processing. A lump sum withdrawal can take five to ten business days to process, once the request has been received.

Under exceptional circumstances (such as the closure of a major share market), and in the interests of all members, the Trustee may temporarily suspend transactions and/or calculations of unit prices.

Investment returns
You can view the investment returns for our investment options over a range of time periods at **vicsuper.com.au/investments**

Application of unit prices
The number of units you hold depends on the investment option or mix of investment options you have chosen and the balance of your VicSuper Term Allocated Pension account.

The number of units you hold in your account is simply the dollar value divided by the relevant unit price for that option, for example

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 50,000.00000 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 50,000.00000 units – 2,105.26316 units) remaining in the Cash Option.

Deductions
Fees and any applicable taxes are deducted in units but are shown on your benefit statement in dollars.

Your account balance in dollars
Each of our members' accounts hold a number of units in one or more investment options. The current balance of the account is simply the number of units in each option multiplied by the current unit price for each option.

Your account balance in dollars can be calculated using the formula below, if you have one investment option:

Number of units held	X	Current unit price	=	Your account balance

If you have money in two investment options, your account balance in dollars can be calculated using the formula below:

Number of units held in option 1	X	Current unit price of option 1	=	Balance in option 1
		+		
Number of units held in option 2	X	Current unit price of option 2	=	Balance in option 2
			=	Your account balance

If you withdraw your account balance, the amount you receive will differ to this calculation as any fees and any applicable taxes will be deducted at the time of the withdrawal, and the unit price may have changed.

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 step child, 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 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 32 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 35.

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. They 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 June 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 our website at **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
First State 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 (i.e. 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 35 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
(03) 9667 9610

Write to us
VicSuper Team
First State Super
GPO Box 89
MELBOURNE VIC 3001

Browse our website
vicsuper.com.au

Download our app
vicsuper.com.au/mobileapp

Manage your account online
Simply visit our website to login

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