



Fees and costs

VicSuper FutureSaver Member Guide

The information in this document forms part of the *VicSuper FutureSaver Product Disclosure Statement (PDS)* dated 1 July 2018.

Consumer Advisory Warning

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.

* Not applicable: VicSuper's fees and costs are not negotiable.

VicSuper FutureSaver

Type of fee or cost	Amount	How and when paid
Investment fee¹	Ranges between 0% pa and 0.43% 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		The account-keeping fee and administration 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.
Account-keeping fee	\$1.50 per week	
Administration fee	0.19% pa	
Buy-sell spread fee	Nil	Not applicable
Switching fee	Nil	Not applicable
Exit fee	Nil	Not applicable
Advice fees		
Relating to all members investing in a particular investment option	Nil	Not applicable
Other fees and costs	Refer to 'Additional explanation of fees and costs' for information about other fees and costs such as advice fees for personal advice	
Indirect cost ratio (ICR)¹	Ranges between 0% pa and 0.43% 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 determine your investment returns. They are not deducted directly from your account.

¹ The investment fees and ICR are an estimate for the 2018/19 financial year, based on the estimated investment related costs incurred for the 12 months ended 30 June 2018. Therefore, actual costs may vary from time to time and depending on the investment option/s you choose. See page 8 for the estimated investment fees and ICRs relating to each of VicSuper's investment options. If it becomes apparent that actual costs will vary, these estimates will be updated.

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, advice fees for personal advice and insurance fees, may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you. Taxes, insurance fees and other costs 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 VicSuper are set out below.

Additional explanation of fees and costs

Defined fees

Type of fee or cost	Definition	How it applies to your VicSuper FutureSaver
Activity fees	<p>A fee is an activity fee if:</p> <p>(a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:</p> <p>(i) that is engaged in at the request, or with the consent, of a member; or</p> <p>(ii) that relates to a member and is required by law; and</p> <p>(b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.</p>	VicSuper does not charge activity fees.
Administration fees	<p>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:</p> <p>(a) borrowing costs; and</p> <p>(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</p> <p>(c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.</p>	<p>The administration fees applicable to your VicSuper FutureSaver are:</p> <ul style="list-style-type: none"> The administration fee (0.19% pa) The account-keeping fee (\$1.50 per week) <p>See Administration and account-keeping fees on page 5 for further information.</p>
Advice fees	<p>A fee is an advice fee if:</p> <p>(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:</p> <p>(i) a trustee of the entity; or</p> <p>(ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and</p> <p>(b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.</p>	<p>The cost of most advice provided to VicSuper members is covered by the administration fee structure above.</p> <p>See Advice fee for personal advice on page 5 for further information.</p> <p>VicSuper members now have access to a broader range of financial products and strategies.</p> <p>This optional service is provided under the AFSL held by a third party and not VicSuper Pty Ltd and may be available to members for a separate fee.</p>
Buy-sell spreads	<p>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.</p>	<p>VicSuper does not charge buy-sell spreads.</p> <p>See Transactional and operational costs on page 6 for further information.</p>
Exit fees	<p>An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.</p>	VicSuper does not charge an exit fee.

Type of fee or cost	Definition	How it applies to your VicSuper FutureSaver
Indirect cost ratio	<p>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.</p> <p>Note: A fee deducted directly from a member's account or paid out of the superannuation entity is not an indirect cost.</p>	<p>The indirect cost ratio applicable to your VicSuper FutureSaver account ranges between 0% and 0.43% pa (estimated).</p>
Investment fees	<p>An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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 exit fee, an activity fee, an advice fee or an insurance fee; <p>but does not include property operating costs.</p>	<p>The investment fees are estimates for the 2018/19 financial year based on the estimated investment related costs incurred for the 12 months ended 30 June 2018.</p> <p>Actual costs may vary from time to time and depending on the investment option/s you choose.</p> <p>See the section on Investment fees on page 5 for further information.</p>
Insurance fees	<p>A fee is an insurance fee if:</p> <ul style="list-style-type: none"> (a) the fee relates directly to either or both of the following: <ul style="list-style-type: none"> (i) insurance premiums paid by the trustee, or the trustees, of a superannuation entity in relation to a member or members of the entity; (ii) costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the provision of insurance for a member or members of the entity; and (b) the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and (c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an advice fee. 	<p>VicSuper's costs in relation to the administration of insurance benefits and claims is covered by the administration fee structure.</p> <p>VicSuper offers death, death and total and permanent disability and income protection insurance cover. For details on the premiums charged for each type of cover, see Member guide <i>Insurance in your super</i> on our website vicsuper.com.au/memborguide</p>
Switching fees	<p>A switching fee for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest to another.</p> <p>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.</p>	<p>VicSuper does not charge a switching fee.</p>

Administration and account-keeping fee

The administration fee and account-keeping fee 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.

Changes to fees

VicSuper may change or introduce new fees at its discretion without your consent. VicSuper would notify you at least 30 days before any increase is introduced (other than an increase in a fee as a result of an increase in costs).

If there are changes to fees and costs that are not materially adverse, updated information will be available at [vicsuper.com.au/forms](https://www.vicsuper.com.au/forms) in the 'Joining & Product Disclosure Statement' section or by calling us on **1300 366 216** for a copy.

Advice fees for personal advice

We offer a range of advice services with qualified financial planners to help you evaluate your financial situation. Personal advice can be given face-to-face at one of our nineteen offices across Victoria or over the phone.

We also offer members a comprehensive advice service on super and non-super topics. Our award-winning advice is commission free and is available for both members and non-members.

In most instances, the superannuation advice you receive from VicSuper will be at no additional cost (as the cost is factored into administration fee).

However, an advice fee of \$200 including GST, is payable for certain types of personal superannuation advice. This can be deducted from your VicSuper account, paid directly via EFTPOS from a bank or credit union account, or paid by credit card.

The following types of personal superannuation advice will attract a \$200 fee:

- personal advice to join VicSuper provided to non-members
- personal advice on non-VicSuper products (e.g. ESSSuper – Revised, New, SERB & Transport Schemes)
- personal advice regarding the consolidation of super accounts
- ongoing personal advice (this includes but is not limited to, periodic reviews, the provision of further advice and monitoring the implementation of recommendations).

Other superannuation advice services not listed here will continue to be provided at no additional cost. Your VicSuper financial planner will work with you to determine your advice needs and clearly explain any fees that may be applicable before proceeding with the advice.

VicSuper members have access to personal financial advice on a broader range of matters and products. This optional service is provided under the AFSL held by a third party and not VicSuper and may be available to members for a separate fee.

The fee will vary depending on the scope and nature of the advice. Your financial planner will work with you to determine your advice needs and clearly explain and agree upon the fees with you before proceeding with the advice. This fee cannot be deducted from your account.

No commissions

VicSuper financial planners are paid salaries by VicSuper. They are not paid commissions to provide advice or recommendations about VicSuper.

Investment fees

The investment fees represent the estimated investment-related costs incurred by the Trustee associated with investing your superannuation. 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 (on page 8) shows estimates of the Fund's investment fees per investment option for 2018/19, based on the estimated investment related costs incurred for the 12 months ended 30 June 2018.

The actual cost may vary from year to year.

Indirect cost ratio (ICR)

The ICR represents the estimated investment-related costs for investing your super. It includes costs in relation to 'interposed vehicles' (defined on page 7).

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

Table A (on page 8) includes estimates of the Fund's indirect cost ratio per investment option for 2018/19, based on the estimated investment related costs incurred for the 12 months ended 30 June 2018. The actual cost may vary from year to year.

Performance-related fees

We do not deduct any performance fees from member accounts.

However, some of the external managers of the unlisted trusts that VicSuper invests 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 indirect cost ratio 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 VicSuper has 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 (on page 9) shows estimates of the Fund's performance fees per investment option for 2018/19, based on the estimated performance-related fees incurred for the 12 months ended 30 June 2018. The actual performance fees may vary from year to year.

Transactional and operational costs

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

Most of these costs are already included as part of the investment fee and indirect cost ratios 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 indirect cost ratios.

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

Table B (on page 9) shows estimates of the Fund's transactional and operational costs per investment option for 2018/19, based on the estimated transactional and operational costs incurred for the 12 months ended 30 June 2018. The actual cost may vary from year to year.

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 2018 are set out in Table B (on page 9).

The costs for the current period may vary from these amounts.

Property operational costs have not been included in costs disclosed in the investment fees or indirect cost ratios that Table A (on page 8) shows for each investment option.

These property operational costs are an additional cost to investors.

Borrowing costs

Borrowing costs are the costs relating to any credit facility used within a VicSuper 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 (on page 9) shows estimates of the Fund's borrowing costs per investment option for 2018/19, based on the estimated borrowing costs incurred for the 12 months ended 30 June 2018. The actual cost may vary from year to year.

These borrowing costs are an additional cost to investors.

Operational risk reserve cost

All super funds are required to hold a reserve to cover operational risks. To meet this requirement VicSuper has an operational risk reserve (ORR) which aims to hold an amount of approximately 0.25% of net assets.

The ORR has been built up by transfers from VicSuper's General Reserve and also by charging members a fee (called the operational risk reserve cost) of 0.05% per year from 1 July 2013 to 30 June 2016. This fee was included in the calculation of unit prices and the maturity proceeds of term deposits.

There is currently no fee charged for the ORR cost. VicSuper reviews the level of the ORR at least annually to ensure it continues to meet the requirement of 0.25% of net assets.

Therefore, if required, VicSuper may reinstate the ORR cost again in the future.

Interposed vehicles

VicSuper offers 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 them 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.

To determine whether an investment is an interposed vehicle, ASIC has determined certain tests that must be met. For details of this definition, refer to *ASIC Regulatory Guide 97: Disclosing fees and costs in PDSs and periodic statements*, as well as ASIC's website for any guidance notes.

Taxes

Certain taxes apply to your superannuation benefit and contributions made to your VicSuper account.

The tax rate on each investment option is incorporated into the calculation of the unit price for each investment option, except for term deposits where the tax is incorporated into the maturity proceeds of the term deposit. See the section on unit prices in *Member Guide* 'How we invest your money' for information about VicSuper's unit prices.

At 30 June, 31 December and the date of exit, your account balance may be increased for the benefit of a tax deduction on insurance premiums (where applicable) for the benefit statement period or period to date of exit, to the extent of contributions tax charged during the period.

Table A: Estimated investment fees and costs¹ per investment option for the 2018/19 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	0.18%	0.21%	0.39%	\$195
Capital Stable	0.24%	0.30%	0.54%	\$270
Balanced	0.31%	0.36%	0.67%	\$335
Socially Conscious	0.22%	0.36%	0.58%	\$290
Growth	0.35%	0.43%	0.78%	\$390
Equity Growth	0.43%	0.29%	0.72%	\$360
Australian Shares	0.35%	0.00%	0.35%	\$175

¹ The investment fee and ICR shown are an estimate for the 2018/19 financial year based on the estimated investment related costs incurred for the 12 months ended 30 June 2018. Therefore actual costs may vary from time to time and will depend on the actual fees, costs and taxes incurred by the Trustee in managing the investment option/s. **These fees are not deducted directly from your account.**

Table B: Estimated transactional & operational costs, property operational costs, performance-related fees and borrowing costs per investment option for the 2018/19 financial year¹

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 already 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	0.27% (of which 0.12% has not already been included in the investment fee and/or ICR)	0.04%	0.03%	0.03%
Capital Stable	0.33% (of which 0.15% has not already been included in the investment fee and/or ICR)	0.06%	0.06%	0.04%
Balanced	0.39% (of which 0.18% has not already been included in the investment fee and/or ICR)	0.08%	0.08%	0.04%
Socially Conscious	0.27% (of which 0.07% has not already been included in the investment fee and/or ICR)	0.09%	0.04%	0.05%
Growth	0.43% (of which 0.19% has not already been included in the investment fee and/or ICR)	0.08%	0.11%	0.04%
Equity Growth	0.38% (of which 0.23% has not already been included in the investment fee and/or ICR)	0.00%	0.12%	0.00%
Australian Shares	0.48% (of which 0.38% has not already 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 estimates for the 2018/19 financial year based on the estimated transactional and operational costs, property operational costs, performance-related fees and borrowing costs incurred for the 12 months ended 30 June 2018. Therefore, actual amounts may vary from time to time and depending on the investment option/s you choose. If it becomes apparent that actual amounts will vary, these estimates will be updated.

Get in touch – we're here to help

Call our Member Centre

1300 366 216 and speak to a VicSuper super consultant between 8.30am and 5pm, Monday to Friday

Visit us

Bendigo | Blackburn | Geelong | Melbourne CBD | Traralgon

Monday to Friday
8.30am to 5pm

To make an appointment to see a VicSuper financial planner call **(03) 9667 9200**

Send us a fax
(03) 9667 9610

Write to us

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MELBOURNE VIC 3001

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At an additional fee, financial advice can be provided on a broader range of financial matters and products under an Australian Financial Services Licence held by a third party, who is responsible for the advice.

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