

# Super Additional Information Booklet

14 October 2020

## About this material

**This document provides more detailed information than that provided in the Australian Ethical Super Product Disclosure Statement (PDS). The material in this document is incorporated into the PDS.**

The information in this Super Additional Information Booklet (Booklet) forms part of the PDS for the Australian Ethical Retail Superannuation Fund (the Fund) dated 14 October 2020.

The information in the PDS is designed to help you:

- decide whether the Fund will meet your needs
- compare the Fund with others you may be considering.

The Fund's PDS is available free of charge by downloading it from our website, [australianethical.com.au/super/pds](http://australianethical.com.au/super/pds) contacting us on **1300 134 337** or emailing us at [members@australianethical.com.au](mailto:members@australianethical.com.au) The PDS should be considered before deciding whether to acquire, or to continue to hold, interests in the Fund.

All monetary amounts in this Booklet are references to Australian dollars.

If you invest in the Fund, you should keep a copy of this Booklet and the PDS for your records.

## Important...

This Booklet has been prepared by Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733, RSE L0001441) (Trustee) which is the trustee of the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743, USI AET0100AU) (Fund). Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) (Australian Ethical) offers to arrange for the issue of interests in the Fund, pursuant to an arrangement between Australian Ethical and the Trustee. The Trustee issues interests in the Fund in accordance with such offers, where the offer is accepted.

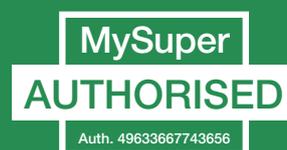
This Booklet should be read in conjunction with the Product Disclosure Statement (PDS) and the Insurance Guide for Australian Ethical Super. The PDS is an offer by Australian Ethical.

Information contained in the PDS, the Additional Information Booklets and the Insurance Guide may change from time to time. You can find out about any updated information that is not materially adverse by visiting our website at [australianethical.com.au/super/pds](http://australianethical.com.au/super/pds) We will give you advance written notice of any materially adverse changes. You can also request a free paper copy or electronic copy of any updated information by contacting us on **1300 134 337**.

## Contact us

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# 1 About Australian Ethical Retail Superannuation Fund

Australian Ethical Investment Ltd (Australian Ethical) is a publicly-listed funds management company, which has a long history of actively seeking out investments that are positive for society and the environment, and avoiding investments in harmful activities.

Since pioneering ethical investment in Australia in 1986, Australian Ethical has grown to manage superannuation and investments for more than 50,000 investors.

Australian Ethical Superannuation Pty Ltd (Australian Ethical Super), the Trustee of the Australian Ethical Retail Superannuation Fund (the Fund), is a wholly owned subsidiary of Australian Ethical.

## Ethical investment is our only business

Australian Ethical believes the more money doing good for the planet, the better. Since 1986, Australian Ethical has been influenced by the 23 principles of the Australian Ethical Charter to invest in ethical and responsible initiatives that can have a positive impact on the planet, while achieving competitive long-term returns. Australian Ethical avoids investments in corporations that operate in harmful industries such as coal, oil, weapons, tobacco, gambling or are involved in human rights abuses. The Charter not only drives Australian Ethical's investment choices, but underpins every aspect of our business practices.

Australian Ethical strives to be a leader among ethical and responsible funds. Australian Ethical is a signatory to the United Nations' Principles for Responsible Investment, and our funds have achieved certification by the Responsible Investment Association of Australasia (RIAA)<sup>1</sup>.



Australian Ethical is one of the founding B Corporations in Australia and the first company listed on the ASX to receive B Corporation certification in 2014.

Each year since then, Australian Ethical has been included on the B Corporation 'Best for the World Honorees' which lists the top 10% of all certified B Corporations globally.

Australian Ethical believe it's important for businesses to play a leadership role in making the world a better place, not just to make profit. That's why Australian Ethical sets aside 10% of its after-tax profits (before bonus expense) every year to put back into the community via Australian Ethical's community grants program, through Australian Ethical's registered charity, the Australian Ethical Foundation Limited (ABN 14 607 166 503). This initiative provides financial support to not-for-profit and social impact organisations that contribute to humanitarian, environmental and animal welfare efforts in Australia and overseas.

## MySuper

Australian Ethical Super has been authorised by the Australian Prudential Regulation Authority (APRA) to offer a MySuper product. MySuper is a Government legislated default superannuation arrangement that must meet minimum standards in relation to default insurance, investment strategy and fees. Employers must pay Superannuation Guarantee contributions for employees who have not made a choice of fund into an authorised MySuper product.

A Product Dashboard for our MySuper product, the Balanced (accumulation) investment option, is provided at [australianethical.com.au/super/product-dashboards/](http://australianethical.com.au/super/product-dashboards/)

The Product Dashboard contains information on the product's return target, historical performance, level of investment risk and fees and costs.

## Further information

Additional information about our investment options and the governance of the Fund is available on our website at [australianethical.com.au/super](http://australianethical.com.au/super)

<sup>1</sup> 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 Australian Ethical Super has adopted strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superannuation Fund. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Australian Ethical Super's methodology and performance can be found at [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au), together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

# 2 How super works

Superannuation (super) is a tax effective way to save for your retirement given that the Government provides tax concessions and other benefits. For many Australians super will be their largest asset. There are limitations on contributions to, and withdrawals from super, which are explained below.

The Fund maintains a separate account for each member. The account records all transactions such as contributions, rollovers and withdrawals, the investment option/s you have selected and their current value. You can keep track of your super by logging into your account via the Fund's website.

## The accounts available and who can contribute

Australian Ethical Super offers two types of accounts:

- accumulation – this account (often called the accumulation division) gathers and builds your savings. Benefits are usually transferred to a pension account on retirement but can also be paid out as a lump sum. Insurance is available in an accumulation account, please refer to the Insurance Guide for more information. This Booklet provides information for people in the accumulation phase of superannuation.
- account based pension – this account (often called the pension division) allows you to draw on your savings in regular payments during retirement or in some circumstances, pre-retirement. Insurance is not available in an account based pension. For information on pension accounts, please refer to the Pension Additional Information Booklet at [australianethical.com.au/super/pds](http://australianethical.com.au/super/pds)

If you are contributing to super, your contributions will be allocated to the accumulation division of the Fund.

Once your account is established your super will be invested in the investment option/s you have chosen. If you do not select an investment option and you are in the accumulation division, your account will be invested in the Balanced (accumulation) option.

## Contributions to super

### Before-tax (concessional) contributions

Before-tax contributions are typically made on your behalf by your employer. They include the Superannuation Guarantee and award superannuation payments, salary sacrifice contributions and personal contributions claimed as a tax deduction.

Before-tax contributions are generally taxed at 15%; however they may be subject to a higher tax rate if you exceed your concessional contribution cap which is \$25,000 for the 2020/2021 financial year.

As noted above, 15% tax is applied to before-tax contributions. However, if your total adjusted income, including before-tax contributions, is more than \$250,000 per year, you're considered a high-income earner and an additional 15% tax will apply. This is known as the 'Division 293 tax'.

If you make contributions to your super over the concessional contributions cap, the excess amount will be included in your assessable income for the financial year and taxed at your marginal tax rate. You'll also be charged interest by the government for the delay in receiving the tax from you.

A tax offset that reduces your tax liability applies to excess contributions. This accounts for the 15% tax on contributions that applied when the contributions were paid to your account.

You can elect to have up to 85% of the excess concessional contributions refunded back to you. Excess concessional contributions which remain in the Fund count towards your non-concessional contributions cap. The released amount will not count towards your non-concessional contributions cap.

Further information on the contribution caps is provided in section 7 of this Booklet.

## Employer contributions

Generally, your employer must make contributions to your super fund, known as Superannuation Guarantee contributions. There are exceptions when your employer may not need to make these contributions, such as if you are earning less than \$450 (before tax) a month.

Your employer must contribute at least the minimum Superannuation Guarantee to your super fund. For 2020/2021, the rate of the Superannuation Guarantee is 9.5% of your salary, subject to the maximum superannuation contribution base.

Most people can choose the super fund where their employer puts their super contributions. To nominate Australian Ethical Super as your chosen fund, complete the Choice of super fund form available at [australianethical.com.au/super/forms](http://australianethical.com.au/super/forms) and provide the form to your employer.

## Salary sacrifice

You may be able to contribute additional before-tax contributions through your employer, known as salary sacrifice contributions.

Salary sacrificing can be an effective way to boost your super and take advantage of the tax concessions offered by the Government.

You should speak to your employer to find out if they support salary sacrifice arrangements. If you make super contributions under a salary sacrifice agreement, the sacrificed amount is paid into your fund by your employer and counts towards your employer's compulsory super contribution obligations. Ensure you agree with your employer in writing whether the salary sacrifice will be additional to the Superannuation Guarantee they are required to pay.

## 2 How super works continued

### Personal contributions claimed as a tax deduction

Contributions for which you claim a tax deduction will count towards the concessional contributions cap.

You may be able to claim a tax deduction on the personal contributions you make to super.

By submitting a Notice of intention to claim a tax deduction for personal super contributions to the Fund, you can have some or all of your after-tax contributions treated as before-tax contributions. The Form is available at: [australianethical.com.au/super/forms](http://australianethical.com.au/super/forms) You can contact the Australian Taxation Office (ATO) for more information [ato.gov.au](http://ato.gov.au)

Before submitting your Notice of intention to claim a tax deduction, there are important things you should consider, such as whether you are eligible to claim a deduction and if you will exceed the contribution caps. There are also time limits to claiming a deduction.

We recommend you seek professional tax advice if you are considering making personal contributions in this way. You can contact the ATO for more information [www.ato.gov.au](http://www.ato.gov.au)

### First home saver scheme

If you're a first-home buyer, you can apply to withdraw voluntary contributions you've made to your super after 1 July 2017 to use as a home deposit. You can withdraw up to \$15,000 per year (along with associated earnings), and \$30,000 in total. The contributions must be made within your existing annual concessional and non-concessional contributions caps.

### After-tax (non-concessional) contributions

After-tax contributions are typically personal after-tax contributions, but also include after-tax contributions made by your spouse and Government co-contributions.

After-tax contributions (for which no tax deduction is claimed) are generally not taxed in the fund; however they may

be subject to a higher rate of tax if you exceed your non-concessional contribution cap.

We are unable to accept after-tax contributions that are above your non-concessional contribution cap. Further information on the contribution caps is provided in section 7 of this Booklet.

There are age limits that determine a person's eligibility to make after-tax contributions.

Age of members in years	Personal contributions	Spouse contributions
Less than 67	Accepted	Accepted
67 but less than 70*	Accepted provided the person is gainfully employed on at least a part time basis ** ('work test')	Accepted provided the recipient spouse is gainfully employed on at least a part time basis ** ('work test')
70 but less than 75*	Accepted provided the person is gainfully employed on at least a part time basis ** ('work test')	Accepted provided the person is gainfully employed on at least a part time basis ** ('work test')
75 or older	Cannot be accepted	Cannot be accepted

\* Members aged 67-74 with a total superannuation balance under \$300,000 on 30 June of the previous financial year will be exempt from the work test for 12 months from the end of the financial year in which they last met the work test ('work test exemption').

\*\* A person is gainfully employed on at least a part-time basis for a financial year if they are employed or self-employed for gain or reward during the financial year; and have worked at least 40 hours in a continuous 30 day period in that financial year.

### Personal contributions

Contributions that you make to super from savings, lottery winnings, inheritance or sale proceeds, are known as non-concessional contributions. By making a personal contribution, you can take advantage of the tax concessions given to investments held in super and you may be eligible for a Government co-contribution.

We are unable to accept any personal contributions you wish to make to super if you have not provided your Tax File Number (TFN) to the Fund. Further information on tax on contributions is provided in section 7 of this Booklet.

### Spouse contributions

You may be eligible to contribute to your spouse's super and take advantage of tax offsets provided by the Government. The tax offset applies to contributions made on behalf of non-working or low income earning spouses. The tax offset is currently 18% of spouse contributions and applies to the first \$3,000 you contribute to your spouse's super.

Further information on spouse contributions and eligibility to claim the tax offset is available from the (ATO) website [www.ato.gov.au/super](http://www.ato.gov.au/super)

We are unable to accept spouse contributions for members that have not provided their TFN to the Fund.

## 2 How super works continued

### Government co-contribution

By making personal contributions to your account, you may be entitled to a super co-contribution from the Government.

If your taxable income is below the low income threshold, the Government will contribute \$0.50 for every \$1 you contribute, up to \$500 per year. The full co-contribution is reduced for each dollar of taxable income above the low income threshold, up to the higher income threshold, at which point no co-contribution is paid.

Refer to the ATO for eligibility criteria and income thresholds.

### Low income super tax offset

If you earn less than \$37,000 annually you may be eligible to receive the Low Income Super Tax Offset (LISTO) from the Government.

The LISTO will be 15% of the before-tax contributions you or your employer made to your super account during the financial year (capped at \$500 annually).

You don't need to apply for the co-contribution or the LISTO. At the end of each financial year, the ATO will receive your tax return and a statement from the Fund detailing your contributions. The ATO will then determine the contribution you are entitled to, based on your income, and make an automatic payment to your super account.

For further information on eligibility and the income thresholds for any financial year, please contact the ATO.

### How to contribute

You can make regular contributions to your super account or make a one off contribution (subject to after-tax age restrictions and contribution cap limits) using one of the methods below.

It is important you tell us how to allocate every contribution you make to the Fund. If you don't tell us in writing, we will be unable to allocate the contribution and we may have to return it to you or your employer.

Payment type	Contribution type	Remittance type
BPAY <sup>®</sup>	Personal contribution Spouse contribution	<p>The Biller Codes for after-tax contributions are:</p> <p>Personal contribution – 275701</p> <p>Spouse contribution – 275719</p> <p>BPAY<sup>®</sup> payments should be lodged using your unique customer reference number included in your welcome letter.</p> <p>You can advise us of a BPAY<sup>®</sup> payment you have made through the member portal. Alternatively, complete the Contribution form (available from our website) <a href="http://australianethical.com.au/super/forms">australianethical.com.au/super/forms</a></p>

**Important...** You can keep up-to-date with the unit prices, performance and portfolio holdings of all the investment options through our website at [australianethical.com.au/super/investment-options](http://australianethical.com.au/super/investment-options)

### Combine your super

By combining the accounts you have with different super funds you can save on fees and easily keep track of your investments. We can help find and transfer your other superannuation into your Australian Ethical Super account when you join or any time thereafter.

You can find your other super by logging into our member portal. You can then choose to transfer any of your other super funds to your Australian Ethical Super account.

You can also combine your super by completing the Rollover Form available on our website at [australianethical.com.au/super/forms](http://australianethical.com.au/super/forms)

We recommend you seek financial advice and consider any fees or loss of insurance benefits before combining your accounts.

### Choice of superannuation fund

You generally have the right to choose which super fund will receive your employer Superannuation Guarantee contributions.

The Fund includes an authorised MySuper product and can be used by both you and your employer under the Choice of Fund legislation. You can nominate the Fund on the Choice of super form as your chosen fund. The Standard Choice form is available from your employer, the ATO website [ato.gov.au/super](http://ato.gov.au/super) or on our website [australianethical.com.au/super/forms](http://australianethical.com.au/super/forms). The Fund might also be nominated by an employer as their default fund to which an employee's Superannuation Guarantee contributions will be paid if an employee does not make a choice.

## 2 How super works continued

### Contribution splitting

If you are married or in a de-facto relationship (including same sex couples), you may be eligible to split contributions into your partner's account. The split can be requested at the completion of the financial year or earlier if you are withdrawing your benefit. Your partner must be under the age of 65 and not retired.

Only concessional contributions (ie. Superannuation Guarantee contributions, salary sacrifice contributions and personal contributions for which you have claimed a tax deduction) made during the previous financial year are eligible for contribution splitting. You can split the lesser of 85% of your concessional contributions for the financial year, or the concessional contributions cap for the financial year.

You cannot split personal after tax contributions, amounts transferred from another super fund or amounts subject to a Family Law payment split.

Contribution splitting is subject to contribution caps. Please refer to section 7 of this Booklet.

The Fund must receive your contribution splitting advice by 31 May for the previous financial year's contributions. Split funds will be allocated in arrears once a year, and will be transferred into your partner's super account where they will be fully preserved. You should seek professional advice if you are considering contribution splitting.

### Downsizer contributions to super

If you're 65 or over, you can make a downsizer contribution into your super account from the sale proceeds of your family home (up to \$300,000 for individuals or up to \$600,000 for couples). Your downsizer contribution won't count towards your contributions caps or be affected by the total superannuation balance test in the year you make it. However, there's still a transfer balance cap of \$1.6 million that you can move into retirement phase.

Additional eligibility criteria apply – visit [ato.gov.au](http://ato.gov.au) for details.

### Account valuation

Your account is subject to market movements, and the value of your account will fluctuate with the performance of your investment.

The value of the Fund is the total market value of all of the Fund's assets, less the total value of the liabilities of the Fund, including accrued and contingent liabilities. The value of your account is affected by changes in the value of the Fund's assets, the fees and costs charged against your account, contributions made into your account, payments made out of your account and any provision against your account to meet any Fund liabilities.

Each investment option in the Fund is valued daily. This in turn determines the value of each member's account.

There may be special circumstances when the Fund is valued less frequently, such as during the end of half year and financial year period or times of extreme market volatility.

### Valuing interests in the Fund when investing and withdrawing

Once the investment options in the Fund are valued, a price is determined for interests (or units) in that investment option. Each investment option within the Fund is unitised. When you make a contribution, switch your investment or change your mix of investment options, or roll out your funds, you are in effect buying and selling units.

There may be some circumstances when unit pricing may take longer, such as in July and January when the distributions of the underlying investments are calculated, if there is a freeze on withdrawals, or where the Fund is illiquid.

### Processing your transactions

We have a policy of forward unit pricing, which means that the unit price on a particular day is not known at the time a transaction is submitted, but is subsequently calculated after the close of business that day. Unit prices can rise and fall on a daily basis to reflect changes in the market value of the assets held in an investment option.

Generally, investment switch requests submitted online before 4.00pm (Sydney time) on a Business Day will be processed using that day's unit price. If the online investment switch is submitted after 4pm (or on a day other than a Business Day) the following Business Day's unit price will be used. An exception to this process is if a pending transaction (such as a contribution) has been received but is yet to be processed. In this case, the pending transaction will be processed first and the investment switch will be processed within 2 Business Days after it was submitted online and will receive the unit price for the day it was processed, not the day it was submitted.

### Withdrawing your super

Super is a long term investment for your retirement and as such, the Government has placed restrictions on when you can access your super. These restricted super savings are called 'preserved benefits'.

At present, your preserved superannuation benefits can be paid out only in the following circumstances:

- when you reach age 65
- when you cease employment on or after age 60
- when you retire on or after your preservation age, as set out in the preservation table on page 9
- if you have a terminal illness
- if you become permanently incapacitated
- if you die
- if you suffer severe financial hardship (as defined by superannuation law)
- if you are eligible under compassionate grounds (as approved by the ATO)

## 2 How super works continued

- if you are a temporary resident who has permanently left Australia (as approved by the ATO)
- where we receive a voluntary release authority from you to pay tax on excess concessional contributions.

You may have some benefits in the Fund classified as restricted non-preserved benefits or unrestricted benefits.

In certain circumstances you may be able to withdraw these superannuation savings earlier. For example, when you change jobs you may be able to withdraw any restricted non-preserved benefits.

You can identify these types of benefits on your annual member statement.

If you meet a condition of release and decide to start a pension account, you need to consider the amount of funds that you can transfer to the retirement phase. The transfer balance

Preservation ages	
Born before 1/7/1960	55
Born between 1/7/1960 and 30/6/1961	56
Born between 1/7/1961 and 30/6/1962	57
Born between 1/7/1962 and 30/6/1963	58
Born between 1/7/1963 and 30/6/1964	59
Born after 1/7/1964	60

cap means that you cannot transfer more than \$1.6 million (indexed annually) to start a pension account, or multiple pension accounts across all superannuation funds (transition to retirement pension accounts are not included). If you transfer an amount above this cap you will have to remove the excess plus deemed earnings from the pension account. Additional tax may also be payable. Refer to the [ato.gov.au/individuals/Super](http://ato.gov.au/individuals/Super) page for more information on the transfer cap.

### Payment of benefits

In normal circumstances, a rollover request to a self-managed super fund or withdrawal request will be actioned within 10 business days of our receipt of your request.

Requests to rollover benefits to an APRA-regulated super fund will normally be processed within three business days of our receipt of your request.

At some times, particularly around the end of financial year and half-year, timeframes for payment or transfers of benefits may be longer.

Further information is provided on our Withdrawal Form available at [Australianethical.com.au/super/forms](http://Australianethical.com.au/super/forms)

Payments out of the Fund to you will only be made by electronic funds transfer to an Australian financial institution. We are not able to make payments by cheque.

## What will happen to your benefits if you die?

### Death and investment options

When you die your account balance and any other benefits will be distributed by the Trustee of the Fund in accordance with the Superannuation Industry (Supervision) Act 1993 (SIS Act) and any valid nominations you have made. You can nominate one or more benefit dependants or a legal personal representative.

Under the SIS Act, your dependants that you can nominate to receive a benefit include:

- your spouse (this includes de-facto of the same or a different gender)
- a child
- a person with whom you have an interdependency relationship (as defined under the SIS Act) or
- someone who is financially dependent on you.

There are different taxation implications for individuals entitled to receive superannuation death benefits following your death. Please refer to section 7 for more information about who is considered a dependant under the tax law.

To help preserve the value of your account balance, whilst we verify your death your superannuation balance will be invested in the Defensive investment option.

### Beneficiary nominations

You can nominate a preferred beneficiary on your account or make a binding death benefit nomination.

The most appropriate beneficiary nomination depends on your personal circumstances.

There may be taxation and other implications in nominating a beneficiary, you should seek professional advice before doing so.

### Preferred beneficiary

Where you make a preferred beneficiary nomination, we will take into account your nomination, but it will not be binding on us.

In this situation, in the event of your death, we will pay your benefit to your dependants or legal personal representative (or a combination of both) in proportions determined by us while giving consideration to your preferred nomination.

This allows us to take account of any changes to your personal situation even if you did not previously advise us of these changes.

## 2 How super works continued

### Binding death benefit nomination

If at the time of your death, you have a valid binding death benefit nomination or a reversionary beneficiary (for a pension), we are bound to pay benefits in accordance with your instructions.

A binding death benefit nomination must comply with superannuation law requirements to be valid and there are restrictions on who can be nominated as a beneficiary.

Any binding nomination will expire three years after the nomination is made. If a binding death nomination expires or becomes invalid for any reason, we will no longer be bound by it. We will, however, take it into account when deciding how to pay your benefit. If you would like to make a Binding Death Benefit Nomination, the form is available at [australianethical.com.au/super/forms](http://australianethical.com.au/super/forms) or by calling us on **1300 134 337**. Low Balance Inactive Account

In order to allow for the consolidation of multiple accounts that a member may hold across a number of super funds, we are required to transfer 'inactive low balance accounts' to the ATO. The ATO will then try and reunite your balance with an active account elsewhere.

Your account may be transferred to the ATO if:

- your account is less than \$6,000
- we have not received an amount (such as a rollover from another fund or a contribution) to your account within the last 16 months
- we are not owed an amount in respect of your account
- you have no insurance cover
- you have not changed your investment options or insurance coverage in the last 16 months
- you have not made or amended a binding death benefit nomination in the last 16 months
- You have not notified us that you wish to keep your account with us.

### Lost Members

Under Government regulations, we are required to record you as a lost member if you are uncontactable or you become an inactive member.

It is important that you advise us of any change to your contact details either by updating it in the online member portal or by calling us.

### Unclaimed Super

If you are a lost member and your account balance is less than \$6,000 we are required to transfer your account balance to the ATO.

Transferring your account to the ATO may affect your benefits because you will no longer be a member of the Fund and any insurance cover you hold through the Fund will cease. It is important you tell us when your address changes to avoid having your benefits sent to the ATO.

### Temporary residents

If you are, or have been, working in Australia on a temporary resident visa and you are not a permanent resident or an Australian or New Zealand citizen, then once you permanently depart Australia you may be able to apply for and be paid your benefit from the Fund subject to providing the Trustee with the required evidence.

If you have not been paid your benefit after six months of departing Australia and your temporary visa has expired or been cancelled, your super benefit must be transferred to the ATO. If this occurs, you will need to claim your super

benefit directly from the ATO. For more information, visit the ATO website, [www.ato.gov.au/super](http://www.ato.gov.au/super)

### Super and family law

Super entitlements may form part of a settlement upon the breakdown of a relationship.

The splitting laws cover the whole process relating to the splitting of superannuation interest, which requires Australian Ethical to:

- provide initial information to an eligible person who enquires about the value of a superannuation interest
- flag a superannuation interest (on the request of the parties or by Court Order) so that no payment can be made until the flag is lifted
- split your super benefits with your spouse or former spouse if ordered by a Court Order or an agreement.

As family law legislation is complex, you should seek professional advice from your legal adviser as to the consequences of separation and divorce on your super interests.

# 3 Benefits of investing with Australian Ethical Retail Superannuation Fund

## Ethical investment

Australian Ethical believes in the transformative power of money to achieve both positive social and environmental outcomes. The Australian Ethical Charter, shown on the next page, influences our ethical investment decisions - what we seek to invest in and what we look to avoid - and also guides our corporate activities beyond our funds.

However, a decision based on ethics alone is not enough. To benefit our members, an investment is only made if it meets the investment criteria for portfolio inclusion with the expectation that all underlying portfolios will generate competitive investment returns over the long term. Australian Ethical's Investment and Ethics research teams work together to provide our members with an ethical portfolio that aims to generate competitive returns over the long term.

Many super funds expose their members to investments in uranium mining, old growth forest logging, weapons, tobacco and gambling. Avoiding these areas, we seek investments in emerging growth sectors such as (but not limited to) renewable energy, technology, efficient transport, recycling and health.

Investments are across a broad spectrum of sectors ranging from new environmental and energy technologies to education and health. Further information on our ethical investment style is available at [australianethical.com.au/ethical-approach](http://australianethical.com.au/ethical-approach)

## Keeping you informed

As a member, there are a number of ways that we help you to stay informed about your super.

## Secure online access

For most members the easiest way to keep track of your super is through our member portal. If you have not yet done so, all you need to do once you are a member, is go to the website and register online.

Your online account allows you to:

- check your account balance and view recent transactions on your account
- request a rollover to your account
- change your investment options for both your existing account balance and for future contributions
- access details to enable you to make personal contributions by BPAY®
- print or download your benefit statement
- change your address and personal details
- view your binding or preferred death benefit nominations and change your preferred beneficiaries
- view your insurance cover and apply for additional cover.

Important disclosures and significant changes that may affect your account will be communicated to you electronically (via email, SMS or other online channel) unless you have opted out of this communication method.

Additionally, we recommend that you regularly visit our website to obtain the latest information about your investment.

## Online access for employers

If you are an employer, you can use the online portal to make contributions on behalf of your employees, update your employees' details and advise us of a change in an employee's employment status. You can register online, simply visit our website [australianethical.com.au/client-login](http://australianethical.com.au/client-login)

## Member statements

You will receive an annual statement showing the activity in your account – earnings, contributions and withdrawals, switches and any other transactions – together with a current account balance and investment option selections.

If you have provided an email address to us, your member annual statement will be provided to you in your member portal. An email will be sent when it is available for viewing and download.

## Annual report

An annual report for the Fund will be provided on the Australian Ethical website. It will detail the financial position of the Fund over the last financial year and any relevant superannuation developments that have arisen. The report is available at [australianethical.com.au/super](http://australianethical.com.au/super) If you would like to receive a free paper copy, please contact us.

## Member newsletter

Good Money is Australian Ethical's member newsletter. The newsletter is available online at [australianethical.com.au/good-money-mag](http://australianethical.com.au/good-money-mag) and covers ethical investment issues, details of specific investments and performance results.

### 3 Benefits of investing with Australian Ethical Retail Superannuation Fund continued

**The Australian Ethical Charter<sup>1</sup> addresses environmental and social considerations. The Charter sets out the types of activities we seek to support, and the types of activities we seek to avoid.**

**The Fund shall seek out investments which provide for and support:**

- a. the development of workers' participation in the ownership and control of their work organisations and places
- b. the production of high quality and properly presented products and services
- c. the development of locally based ventures
- d. the development of appropriate technological systems
- e. the amelioration of wasteful or polluting practices
- f. the development of sustainable land use and food production
- g. the preservation of endangered eco-systems
- h. activities which contribute to human happiness, dignity and education
- i. the dignity and well-being of non-human animals
- j. the efficient use of human waste
- k. the alleviation of poverty in all its forms
- l. the development and preservation of appropriate human buildings and landscapes.

**The Fund shall avoid any investment which is considered to unnecessarily:**

- i. pollute land, air or water
- ii. destroy or waste non-recurring resources
- iii. extract, create, produce, manufacture, or market materials, products, goods or services which have a harmful effect on humans, non-human animals or the environment
- iv. market, promote or advertise, products or services in a misleading or deceitful manner
- v. create markets by the promotion or advertising of unwanted products or services
- vi. acquire land or commodities primarily for the purpose of speculative gain
- vii. create, encourage or perpetuate militarism or engage in the manufacture of armaments
- viii. entice people into financial over- commitment
- ix. exploit people through the payment of low wages or the provision of poor working conditions
- x. discriminate by way of race, religion or sex in employment, marketing, or advertising practices
- xi. contribute to the inhibition of human rights generally.

<sup>1</sup> © 1989: Australian Ethical Investment Ltd (ABN 47 003 188 930; AFSL 229949). Except as expressly permitted by the Copyright Act 1968 (Cth) no part of this Charter may be reproduced in any form or by any process without the written permission of Australian Ethical Investment Ltd.

# 4 Risks of super

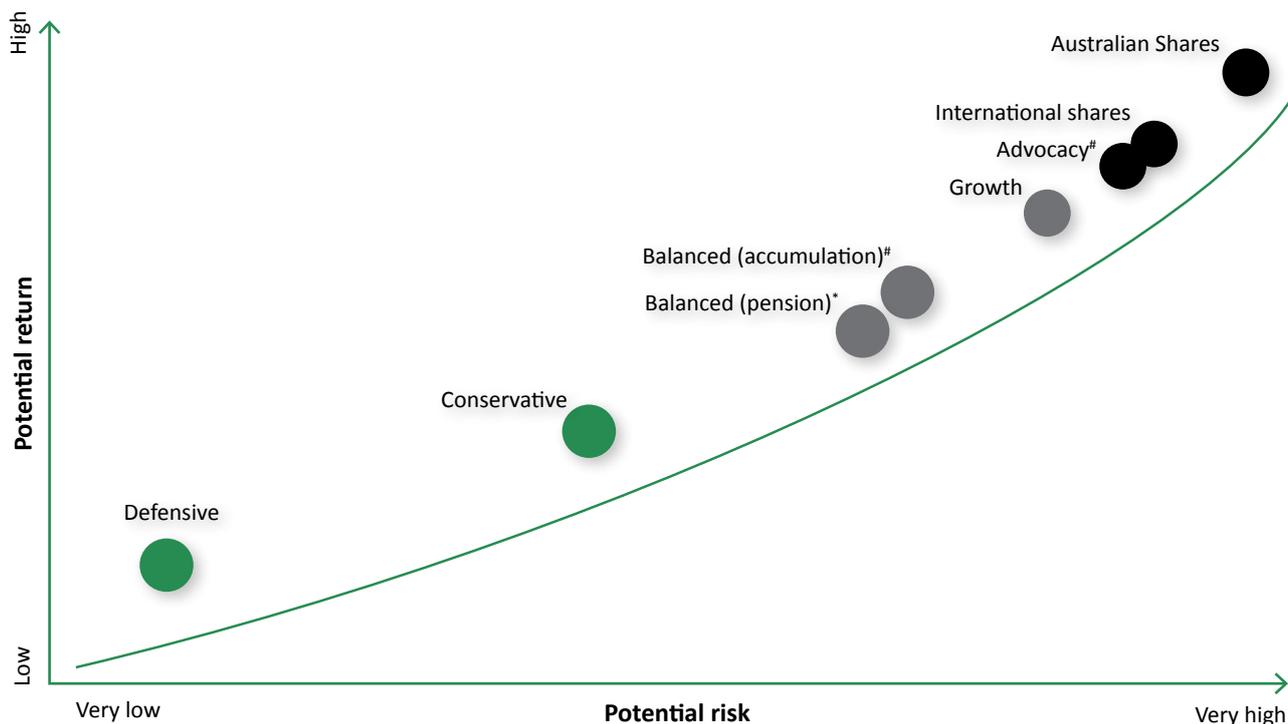
Super, like all investments, carries risks. Different investment options may carry different levels of risk, depending on the assets that make up the option. For instance, assets that expect to deliver the highest long-term returns may also carry the highest level of short-term risk.

Australian Ethical invests in numerous types of assets, including Australian shares, international shares, property and fixed interest. These asset classes behave differently over time and inherently have different levels of risk. Shares, for example, tend to provide higher returns over the long-term, but are susceptible to fall in value over the short-term when compared

to other asset classes. Fixed interest investments are less susceptible to fall in value over the short-term, but tend to offer lower returns than shares over the long-term.

The investment options offered by Australian Ethical each have a different mix of these asset classes. Some of our investment options only invest in shares while others invest in all of the asset classes.

The level of risk and the returns will depend on the assets each option invests in.



This chart represents the potential risk and return characteristics of our super investment options. It is not a forecast of actual risk or returns. The scale is indicative only.

# These options are only available in the accumulation and transition to retirement division

\* This option is only available in the pension division

The acceptable level of risk for each person will vary depending on a range of factors such as your age, investment timeframe, your risk tolerance and where other parts of your wealth are invested. You should assess your personal circumstances and goals carefully before you choose an investment option.

When considering your investment in super, it is important to understand that:

- the value of your investment will go up and down depending on the market prices of the assets held by your investment option
- returns for any investment option are not guaranteed and will vary
- you may lose some or all of your money
- future investment returns may differ from past returns
- the amount of your future super savings (including contributions and returns) may not be enough to provide adequately for your retirement
- super laws may change in the future
- in the event of extreme market volatility the trustee of the Fund reserves the right to suspend unit pricing on any or all investment options
- the level of risk, each person may be willing to accept will vary depending on a range of factors, including age, investment time frames, other investments held, and their risk tolerance.

# 5 How we invest your money

Australian Ethical Super offers members something beyond conventional superannuation investment because it applies a combination of investment and ethical objectives to the selection of investments.

## Labour standards, environmental, social and ethical issues

All of Australian Ethical's investment decisions are guided by our Charter. It sets out the types of activities we seek to support, and the types of activities we seek to avoid. We believe

Australian Ethical's process of ethical analysis is one of the most rigorous in Australia.

All investments are periodically reviewed. If a company we invest has diversified into an excluded industry or engaged in unacceptable practices, we reassess the investment which may involve engagement with the company to address the issues. If the investment is no longer appropriate it will be sold.

## Standard Risk Measure

Each of our investment options has a risk label that has been evaluated using the Standard Risk Measure.

The Standard Risk Measure is based on industry guidance to allow you 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 you may require to meet your objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

You should still ensure you are comfortable with the risks and potential losses associated with your chosen investment option(s).

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

## Investment options hedging

Australian Ethical Super does not currently directly hedge any investment option that has international currency exposure but may in the future. The underlying investment manager may from time to time hedge the currency exposure.

## 5 How we invest your money continued

### Your choice of investment options

Following are details on the investment options that are available when you invest with Australian Ethical Super in the super (accumulation) division.

#### Defensive Option

**Investment objective** To provide members with a portfolio focused on preservation of capital through low risk income generating investments.

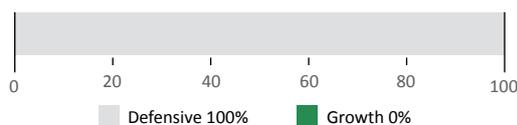
**Investors that the option may suit** Members wanting a low risk of capital loss and low volatility with a short investment timeframe.

**Recommended minimum investment timeframe** 1 year

#### Strategic asset allocation\*



Asset type	Range %
Interest-bearing investments	90-100
Cash	0-10



**Risk level** Very low

**Performance and portfolio information** We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

## 5 How we invest your money continued

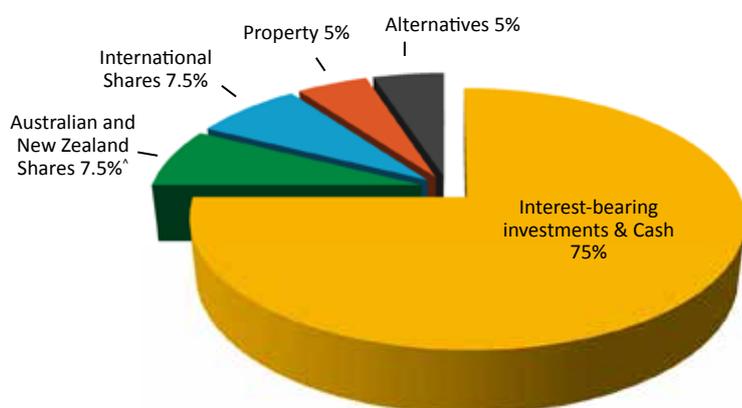
### Conservative option

**Investment objective** To provide members with returns only moderately above inflation over a medium time horizon with low to medium levels of investment risk.

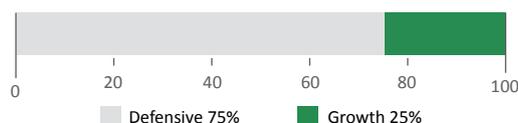
**Investors that the option may suit** Members closer to, or in retirement, who need to protect their retirement savings and keep up with inflation or members who want a low volatility option.

**Recommended minimum investment timeframe** 3 years

#### Strategic asset allocation\*



Asset type	Range %
Interest-bearing investments & Cash	20–100
Property	0–15
Australian and New Zealand Shares <sup>^</sup>	0-20
International Shares	0-20
Alternatives	0-15



**Risk level** Low to medium

**Performance and portfolio information** We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

<sup>^</sup> No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

## 5 How we invest your money continued

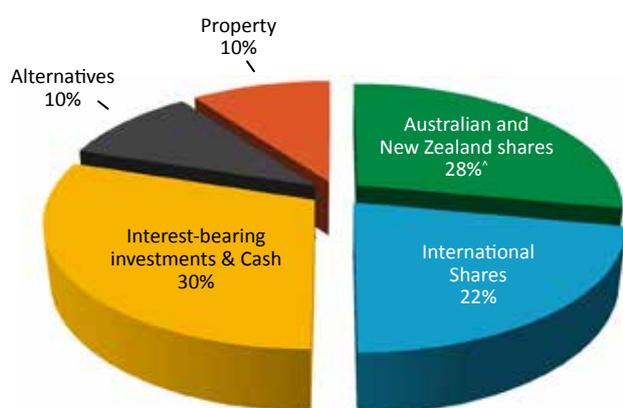
### Balanced (accumulation) option

**Investment objective** To provide a diversified portfolio that has an appropriate balance between income and capital growth investments with medium to high levels of risk. It aims to achieve returns of 3.5% p.a. above inflation over the medium to longer terms.

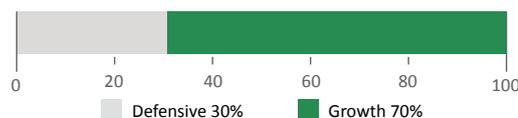
**Investors that the option may suit** Members comfortable with a medium to high level of risk that have an investment timeframe of at least 5 years.

**Recommended minimum investment timeframe** 5 years

#### Strategic asset allocation\*



Asset type	Range %
Interest-bearing investments & Cash	10-50
Property	0-20
Australian and New Zealand Shares <sup>^</sup>	10-50
International Shares	5-40
Alternatives	0-20



**Risk level** Medium to high

**Performance and portfolio information** We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

<sup>@</sup> Available to transition to retirement accounts.

<sup>\*</sup> The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

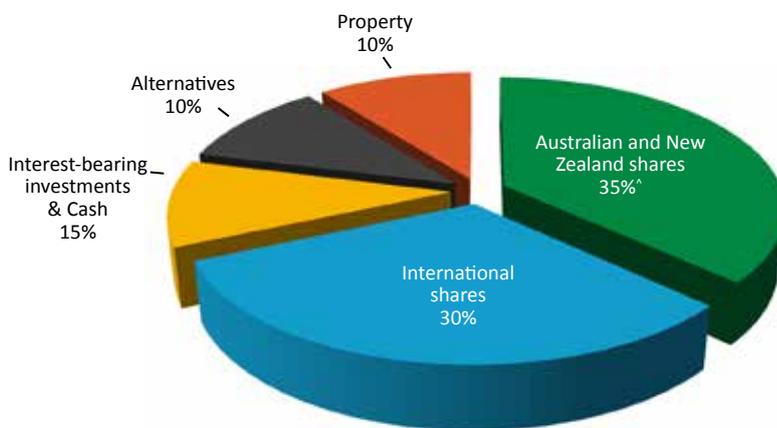
<sup>^</sup> No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

## 5 How we invest your money continued

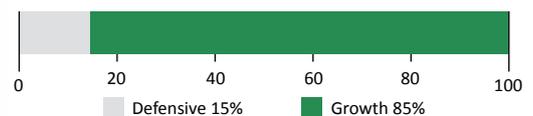
### Growth option

Investment objective	To provide long term growth accompanied by high levels of risk through holding mostly growth assets.
Investors that the option may suit	Members who have a longer timeframe to accumulate retirement savings and who are comfortable with short-term market fluctuations.
Recommended minimum investment timeframe	6 years

#### Strategic asset allocation\*



Asset type	Range %
Interest-bearing investments & Cash	0-45
Property	0-20
Australian and New Zealand Shares <sup>^</sup>	15-55
International Shares	10-50
Alternatives	0-20



Risk level	High
Performance and portfolio information	We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

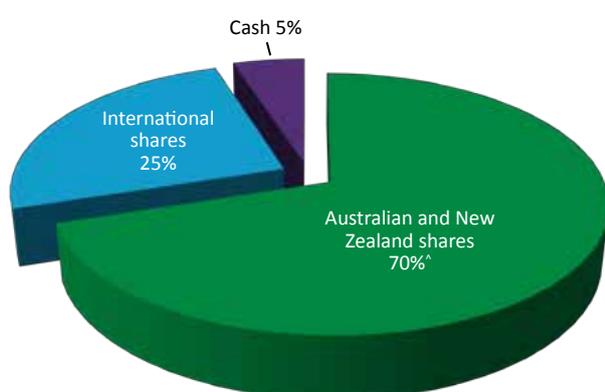
<sup>^</sup> No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

## 5 How we invest your money continued

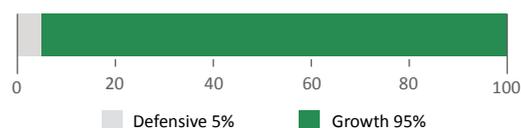
### Advocacy option

Investment objective	To provide long term growth accompanied by high levels of risk through investment in listed companies on Australian and international stock exchanges.
Investors that the option may suit	Members seeking capital growth through long term investments who have a higher tolerance for risk.
Recommended minimum investment timeframe	7 years

#### Strategic asset allocation\*



Asset type	Range %
Cash	0-15
Australian and New Zealand Shares <sup>^</sup>	55-85
International Shares	10-40



Risk level	High
Performance and portfolio information	We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

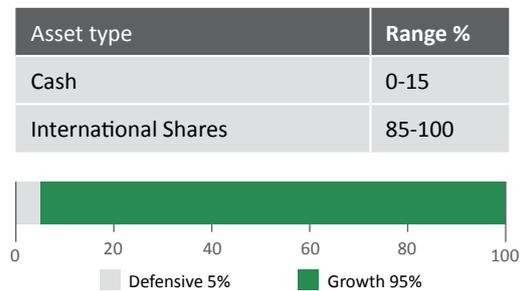
<sup>^</sup> No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

## 5 How we invest your money continued

### International Shares option

Investment objective	To provide long-term growth accompanied by high levels of risk through investment in overseas companies.
Investors that the option may suit	Members seeking an exposure to international companies who are comfortable with short term volatility. It is suited for members with a longer investment timeframe and a higher risk tolerance.
Recommended minimum investment timeframe	7 years

#### Strategic asset allocation\*



Risk level	High
Performance and portfolio information	We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

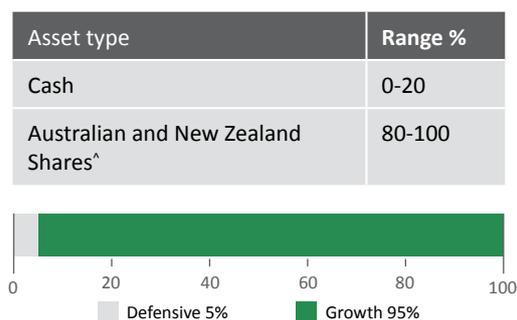
\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

## 5 How we invest your money continued

### Australian Shares option

Investment objective	To provide long-term growth accompanied by very high levels of risk through investment in Australian and New Zealand companies with a bias to smaller companies.
Investors that the option may suit	Members seeking capital growth through long-term investments who have a higher tolerance for risk.
Recommended minimum investment timeframe	7 years

#### Strategic asset allocation\*



Risk level	Very high
Performance and portfolio information	We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and portfolio holdings through our website.

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 1 July 2020 and is subject to change.

<sup>^</sup> No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

# 6 Fees and costs

**Important...** You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare Australian Ethical Super with other super funds. The information provided applies to investments in the accumulation division. Different fees and costs may apply to investments held in the pension division.

This section provides information on the fees and other costs that you may be charged. These fees and costs may be deducted from your super account, from the return on your investment, or from the Fund's assets as a whole. Fees are accrued from the date you join the Fund.

Other fees, such as activity fees, advice fees for personal advice and insurance fees may also be charged. These fees will depend on the nature of the activity, advice or insurance chosen by you. Entry fees and exit fees cannot be charged. Further information

on the types and definitions of the fees that may be charged is provided on our website [australianethical.com.au/super/fees](http://australianethical.com.au/super/fees)

Taxes are set out in section 7 of this Booklet, insurance fees and other costs relating to insurance are set out in the Insurance Guide available at [australianethical.com.au/super/insurance](http://australianethical.com.au/super/insurance)

If you consult a financial adviser, additional fees may be payable to the adviser. You should refer to your Adviser's Statement of Advice for details.

Type of fee or cost <sup>^</sup>	Amount <sup>^</sup>	How and when paid														
Investment fee <sup>1</sup>	<table border="0"> <tr><td>Defensive</td><td>0.20% p.a.</td></tr> <tr><td>Conservative</td><td>0.63% p.a.</td></tr> <tr><td>Balanced (accumulation)</td><td>0.64% p.a.</td></tr> <tr><td>Growth</td><td>0.99% p.a.</td></tr> <tr><td>Advocacy</td><td>1.20% p.a.</td></tr> <tr><td>International Shares</td><td>1.10% p.a.</td></tr> <tr><td>Australian Shares</td><td>1.25% p.a.</td></tr> </table>	Defensive	0.20% p.a.	Conservative	0.63% p.a.	Balanced (accumulation)	0.64% p.a.	Growth	0.99% p.a.	Advocacy	1.20% p.a.	International Shares	1.10% p.a.	Australian Shares	1.25% p.a.	Investment fees are accrued daily and paid from the Fund's assets. Fees are calculated as a percentage of the daily net asset value of each option. The investment fee you pay will depend on the investment options you are invested in.
Defensive	0.20% p.a.															
Conservative	0.63% p.a.															
Balanced (accumulation)	0.64% p.a.															
Growth	0.99% p.a.															
Advocacy	1.20% p.a.															
International Shares	1.10% p.a.															
Australian Shares	1.25% p.a.															
Administration fee <sup>1</sup>	\$97 per annum, plus 0.29% <sup>#</sup> of your account balance per annum.	Dollar based fees are usually deducted from your account monthly. Percentage administration fees are accrued daily and paid from the Fund's assets. The percentage administration fee you pay is calculated on your account balance.														
Buy-sell spread	<table border="0"> <tr><td>Defensive</td><td>0.00%</td></tr> <tr><td>Conservative</td><td>0.05%</td></tr> <tr><td>Balanced (accumulation)</td><td>0.05%</td></tr> <tr><td>Growth</td><td>0.05%</td></tr> <tr><td>Advocacy</td><td>0.05%</td></tr> <tr><td>International Shares</td><td>0.05%</td></tr> <tr><td>Australian Shares</td><td>0.20%</td></tr> </table>	Defensive	0.00%	Conservative	0.05%	Balanced (accumulation)	0.05%	Growth	0.05%	Advocacy	0.05%	International Shares	0.05%	Australian Shares	0.20%	Applied to the unit price before processing each buy and sell transaction.
Defensive	0.00%															
Conservative	0.05%															
Balanced (accumulation)	0.05%															
Growth	0.05%															
Advocacy	0.05%															
International Shares	0.05%															
Australian Shares	0.20%															
Switching fee	Nil <sup>®</sup>															
Advice fees relating to all members investing in a particular MySuper product or investment option	Nil	Additional fees may be payable if a financial adviser is consulted.														
Other fees and costs	Refer to the Additional explanation of fees and costs for more information.															
Indirect cost ratio <sup>1</sup>	<table border="0"> <tr><td>Defensive<sup>*</sup></td><td>0.00% p.a.</td></tr> <tr><td>Conservative<sup>*</sup></td><td>0.05% p.a.</td></tr> <tr><td>Balanced (accumulation)<sup>*</sup></td><td>0.12% p.a.</td></tr> <tr><td>Advocacy<sup>*</sup></td><td>0.00% p.a.</td></tr> <tr><td>Growth<sup>*</sup></td><td>0.14% p.a.</td></tr> <tr><td>International Shares<sup>*</sup></td><td>0.00% p.a.</td></tr> <tr><td>Australian Shares<sup>*</sup></td><td>0.00% p.a.</td></tr> </table>	Defensive <sup>*</sup>	0.00% p.a.	Conservative <sup>*</sup>	0.05% p.a.	Balanced (accumulation) <sup>*</sup>	0.12% p.a.	Advocacy <sup>*</sup>	0.00% p.a.	Growth <sup>*</sup>	0.14% p.a.	International Shares <sup>*</sup>	0.00% p.a.	Australian Shares <sup>*</sup>	0.00% p.a.	Indirect costs are deducted from the Fund's assets, or assets of interposed vehicles, prior to the unit price being calculated.
Defensive <sup>*</sup>	0.00% p.a.															
Conservative <sup>*</sup>	0.05% p.a.															
Balanced (accumulation) <sup>*</sup>	0.12% p.a.															
Advocacy <sup>*</sup>	0.00% p.a.															
Growth <sup>*</sup>	0.14% p.a.															
International Shares <sup>*</sup>	0.00% p.a.															
Australian Shares <sup>*</sup>	0.00% p.a.															

1 If your account balance for a product offered by the Fund is less than \$6,000 at the end of the Fund's income year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

<sup>^</sup> The fees shown are current for the 2020-2021 financial year and are subject to change. Further information and definitions of the fees can be found at [australianethical.com.au/super/fees](http://australianethical.com.au/super/fees)

<sup>#</sup> You may also be eligible for discounts if you have a large balance. See Fee discounts on the next page for further information.

<sup>®</sup> You may incur a buy-sell spread whenever units are bought or sold including by way of switching. However, you won't be charged a switching fee in addition to the buy-sell spread.

<sup>\*</sup> The indirect cost ratio is calculated as at 30 June 2020 based on the previous 12 months. These may change from year to year.

## 6 Fees and costs continued

### Fee discounts

The Balanced (accumulation) option is our MySuper product. Due to MySuper requirements, the large account balance discount and association member discount will not apply to amounts held within the Balanced (accumulation) option within the Fund.

Members may be eligible for the larger employer discount and either of the large account balance discount or the association member discount. If a member is eligible for both the large account balance discount and the association membership discount, the higher of the two discounts will apply. For all other investment options the following fee discounts are provided:

Discount	Discount amount	How and when discount applied
<b>Large account balance</b>		
Balance between \$250,000 and \$349,999	0.02% per annum	The discount will be calculated on your account balance (excluding any Balanced (accumulation) balance) at the end of each month and credited to your account at that time.
Balance between \$350,000 and \$499,999	0.05% per annum	The amount of the discount will be credited to your investment options in accordance with your investment profile for future contributions.
Balance over \$500,000	0.10% per annum	
<b>Larger employer</b>		
	up to 0.15% per annum	We will determine which employers are larger employers. Employees of those employers will then have the discount calculated on their account balance at the end of each month and credited to their account at that time.  The amount of the discount will be credited to your investment options in accordance with your investment profile for future contributions.
<b>Association membership</b>		
	up to 0.05% per annum	We will determine which Associations will be included. Members of those Associations will then have the discount calculated on their account balance (excluding any Balanced (accumulation) balance) at the end of each month and credited to their account at that time.  The amount of the discount will be credited to your investment options in accordance with your investment profile for future contributions.

### Additional explanation of fees and costs

#### Ability to negotiate fees

In accordance with MySuper legislation, members are not able to negotiate fee discounts for amounts held within the Balanced (accumulation) option.

Your employer may be able to negotiate to pay lower administration fees. No further discounts apply to investments held in the Balanced (accumulation) option.

#### Adviser service fees

If your investment is made through a licensed financial adviser then the following fee arrangements may apply:

##### Adviser service fee – ongoing

- Upon your instruction, up to 1.1% (including GST) per annum of your account balance may be paid to your adviser. For example, on a \$50,000 investment, at 1.1% per annum, this would amount to \$550 for the year.

- Upon your instruction, up to \$1,100 (including GST) per month may be paid to your adviser from your account balance.

##### Adviser service fee – single fee

- Upon your instruction, a single payment of up to \$2,200 (including GST) may be made to your adviser from your account balance. A separate instruction is needed for each single payment.

Adviser service fees (whether single or ongoing) are agreed through negotiation between you and your adviser.

Where adviser service fees are ongoing, we will continue to pay your adviser until you instruct us otherwise.

Fees paid to your adviser are in addition to our management fees. Adviser service fees are calculated and deducted from your account at the end of each month and paid to your adviser usually monthly in arrears.

If there are insufficient funds in your account on the deduction date, the adviser service fee will not be deducted.

## 6 Fees and costs continued

### Transactional costs and buy–sell spreads

Transactional costs are calculated at 30 June each year based on the previous 12 months. Transaction costs are taxes, duties and other costs (such as brokerage and implicit costs such as the bid-ask spread which is the difference between the price the buyer is willing to pay and the selling price) including transaction costs from interposed vehicles.

The buy-sell spread is a fee to recover transaction costs incurred in relation to the sale and purchase of assets of the Fund and is used to adjust the unit price. It is an additional cost to you and is incurred when you contribute, transfer, invest, switch, withdraw or rollover. We will use a buy–sell spread to recover transaction costs from you so that other members are not paying for the cost of your transaction. It is not a fee paid to us.

The buy-sell spread for each option is included on page 22. We may vary the buy–sell spread from time to time if transaction costs change. Notice will not normally be provided; however updated information will be available on our website and in regular communications. The brokerage costs incurred in the year to 30 June 2020 were fully recovered by the buy-sell spread except for the Australian Shares option where 0.06% was not recovered.

### Indirect costs

The indirect cost ratio is calculated at 30 June each year based on the previous 12 months. These costs may change from year to year. Indirect costs represent the approximate amounts deducted from your investment and covers amounts that have reduced the return on your investment but are not charged as a fee. This includes costs associated with external asset managers.

### Insurance charges

If you have insurance through the Fund then premiums will be deducted from your account and paid to our insurer usually on a monthly basis. No administration fees or commissions are included in your insurance premium. Further information about insurance premiums is available in the Insurance Guide available at [australianethical.com.au/super/insurance](http://australianethical.com.au/super/insurance)

### Family law fees

We may charge reasonable fees for our costs when providing family law-related services such as payment flagging, payment splitting and information applications. Under normal circumstances, an administration fee of \$113 may apply. This is payable upon initial request for family law-related services and is payable directly to us (it is not deducted from your superannuation account).

The fee payable may vary depending on the degree of involvement required by us to administer the service. Applicants and members should also be aware that any legal or court costs incurred by us in relation to a member account may also be payable.

### Tax deductions

Where a tax deduction is available to the Fund in relation to fees and premiums, this deduction is passed back to your account at the time of deducting the applicable fee or premium.

A 15% rebate of the dollar based administration fee and external insurance premiums are credited to your account.

After the rebate is applied to your account the effective dollar-based administration fee is \$83 per annum. You will see this as a 'tax rebate' on your member annual statement.

### GST

Goods and services tax (GST) is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes. When fees and costs are shown in this section (unless otherwise stated) the net cost of GST is included. If the GST rate or arrangements change, the total amount you pay may change even though fees due to us are not increased.

### Changes to fees

We may vary the fees payable on your account. We will provide notice of any fee increases at least 30 days prior to any changes taking effect.

# 7 How super is taxed

**Important...** The information is a guide to how super is taxed and is based on tax laws that were current as at the date of the PDS. This information is not a substitute for professional advice. Further information is available from the ATO. It is also strongly recommended that you seek advice from a professional taxation adviser on your particular circumstances.

The tax treatment of super is concessionary but complex and may be subject to regulatory change. The tax information provided in this document is based on tax laws that were current when the document was prepared. Rates may change in the future, and you should consider seeking professional tax advice that is tailored to your personal circumstances before making a decision.

## Tax on contributions

### Before-tax (concessional) contributions

Personal contributions for which you claim a tax deduction are also part of the assessable income of the fund. We will deduct the applicable contributions tax and pay it to the ATO.

Concessional contributions are subject to the concessional contributions cap. Amounts you contribute above the cap may be subject to additional tax. The concessional contributions cap for 2020-2021 is \$25,000.

From 1 July 2019 if you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap. To do so you must have unused concessional contributions caps space for one or more of the previous five years, starting from 2018-19. For more information on carrying forward unused amounts see [ato.gov.au/Rates/Key-superannuation-rates-and-thresholds](http://ato.gov.au/Rates/Key-superannuation-rates-and-thresholds)

The amount of tax you pay depends on the amount of your concessional contributions and how much you earn. High income earners pay additional tax if their income and certain contributions (referred to as 'income' below) exceeds \$250,000. As noted below, the tax is 15% of the amount of the concessional contribution or the amount over \$250,000, whichever is less.

	Your 'income' is less than \$250,000 per annum	Your 'income' is \$250,000 or more per annum
Amounts up to your concessional contributions cap	15% on all contributions.	15% on all contributions. An additional 15% on the lesser of the contributions and the amount over \$250,000.
Amounts over your concessional contributions cap	Included in your assessable income and taxed at your marginal rate plus Medicare Levy. A 15% tax offset applies.	Included in your assessable income and taxed at your marginal rate plus Medicare Levy. A 15% tax offset applies.

### After-tax (non-concessional) contributions

Generally, contributions tax is not payable by the Fund on after-tax contributions. However, after-tax contributions are subject to the non-concessional contribution cap and contributions in excess of the cap will attract additional tax. Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

We cannot accept non-concessional contributions over the cap. If you contribute to multiple funds you may exceed the cap and your excess contributions will be taxed at the top marginal rate plus Medicare Levy.

The non-concessional contributions cap is \$100,000 per year. You cannot make non-concessional contributions if you're over 75, or if your total super balance is \$1.6 million or more at 30 June of the previous financial year. If you do, they'll be treated as excess non-concessional contributions and will be subject to extra tax.

If you're under 65, you can contribute up to \$300,000 in total over a three-year period, depending on your total super balance (on 30 June of the previous financial year). This is known as the 'bring-forward' rule. Visit [ato.gov.au](http://ato.gov.au) for more details.

There is currently no bring-forward option if you're 65 or over.

Alternatively, if a contribution of \$300,000 is contributed in one financial year, no further contributions can be made in the next two years.

The cap may change in the future and you should refer to the ATO's website to confirm the cap that applies to you as well as whether any carry forward options might be available to you.

Individuals who are 65 to 74 years of age will be eligible to make non-concessional contributions if they meet the 'work test' or 'work test exemption' (they work 40 hours within a 30 day period in the year).

Individuals who are 67 to 74 can only make non-concessional contributions. Individuals who are 75 or older cannot make non-concessional contributions.

## 7 How super is taxed continued

Total Superannuation Balance*	Contribution and bring forward available
Less than \$1.4 million	Access to \$300,000 cap (over 3 years)
Greater than or equal to \$1.4m, and less than \$1.5 million	Access to \$200,000 cap (over 2 years)
Greater than or equal to \$1.5m, and less than \$1.6 million	Access to \$100,000 cap (over 1 year)
Greater than or equal to \$1.6 million	Nil

\* Refer to the ATO for information on how to determine your total Superannuation Balance.

@ See page 6 for further detail about the 'work test' and 'work test exemption'.

There are two exemptions to the non-concessional contribution cap, these are:

- proceeds from the disposal of assets that qualify for the small business capital gains tax retirement exemption or have been held for 15 years
- proceeds from a settlement for an injury resulting in permanent disablement.

Both types of proceeds are subject to a single lifetime cap. The cap is indexed and you should contact the ATO to find the applicable cap for any particular financial year.

### Taxation of fund earnings

Earnings on your superannuation investment in the accumulation phase are taxed at a concessional tax rate of 15%. The effective rate of tax incurred may be less than this because superannuation funds benefit from capital gains tax discounts as well as franking credits on dividend income from share investments.

### Tax on rollovers

Generally, a benefit rolled over to the Fund from another Australian superannuation fund will not be taxed at the time of the rollover. The exception is when the rollover contains an untaxed component, in which case that component will be taxed at 15%. A higher rate of tax also applies to transfers over \$1,565,000 from an untaxed scheme to a taxed scheme in 2020/2021.

You should seek professional taxation advice if you wish to make a payment from an overseas superannuation fund into the Fund.

### Tax on withdrawals

The tax you pay on withdrawals from super is dependent on your age, the amount you are withdrawing, and the taxable and tax-free components of your benefit. The tax components of your benefit are shown on your member annual statement.

Different tax rates apply to death and disability benefits and for people permanently departing Australia.

It is recommended that you seek advice from a licensed taxation or financial adviser if you are interested in receiving a lump sum payment or an account-based income stream (pension) before the age of 60.

Your age at withdrawal	Component	Tax rate*
Under your preservation age	Tax-free component	0%
	Taxed^ component	20% plus Medicare Levy
Between your preservation age and 60	Tax-free component	0%
	Taxed^ component	0% on benefits up to the low-rate cap~ 15% plus Medicare Levy on benefits above the low-rate cap~
60 or above	All components	0%

\* Additional tax will be payable if you have not provided your TFN.

^ The tax rate for a taxed component may be higher if you have an untaxed portion in your taxed component.

~ The low-rate cap for 2020/2021 is \$215,000 and is indexed in line with AWOTE. This is a lifetime limit and applies to all Australian superannuation funds.

### Tax for temporary residents

If you're a temporary resident who has permanently departed Australia, you may be eligible for the early release of your preserved super under specific circumstances. This is known as a departing Australia superannuation payment (DASP).

We'll be liable to pay withholding tax at 35% on the taxable component and 45% on the untaxed component when it's paid to you.

Your DASP will be subject to 65% tax if you hold or have held a 417 (Working Holiday) or 462 (Work and Holiday) visa and (or an associated bridging visa), and had super contributed for you while working under either of these visas.

The 65% rate will apply to your total DASP amount, including any super you may have earned while working under a different visa.

Australian and New Zealand citizens, or permanent residents of Australia who depart the country even on a permanent basis, are not eligible to claim a DASP.

If you move to New Zealand on a permanent basis you may elect to transfer your whole benefit to a New Zealand KiwiSaver account, provided you satisfy certain conditions.

## 7 How super is taxed continued

### Tax on death and terminal illness benefits

#### Death benefits paid as a lump sum

A lump sum death benefit payment will be tax-free if paid to a person who is a dependant of the deceased member at the time of death, as defined in the tax legislation.

A dependant is:

- a spouse or former spouse
- a child aged under 18
- a person with whom the deceased had an interdependency relationship just before death
- any person who was financially dependent on the deceased member before death.

If a lump-sum benefit is paid to a non-dependant, tax is payable on the taxable component.

The definition of dependant for tax purposes does not include adult children unless they were financially dependent on the deceased member. Members should seek professional estate planning advice, particularly if they intend to leave superannuation benefits to non-dependants.

Beneficiary Type	Component	Tax rate
Dependant	All	0%
Non-dependant <sup>^</sup>	Tax-free	0%
	Taxable (taxed)	15% plus Medicare Levy
	Taxable (untaxed)	30% plus Medicare Levy
Estate	All	See note*

\* Taxation of death benefits paid to the estate depends on whether the ultimate beneficiaries are dependants.

<sup>^</sup> A higher rate of tax will apply if a non-dependant has not provided their TFN.

#### Death benefits paid as income streams

Death benefits are able to be paid as an income stream to a dependant if the member dies before commencing an income stream. Death benefits are able to be paid as an income stream to a dependent child, although when the child turns 25, the balance in the Fund will have to be paid as a lump sum (tax-free) unless the child is permanently disabled.

An income stream will not be able to revert to or be paid to a non-dependant upon the death of the member in receipt of the income stream. These income streams will be paid out to the non-dependant as a lump sum. Please seek professional advice.

#### Benefits received due to terminal illness

Benefits released to a member with a terminal medical condition will be tax-free. Further information on the eligibility for a terminal illness benefit is provided in the Insurance Guide available on our website.

#### Tax on disability withdrawals

Benefits paid to you when you become permanently incapacitated (as defined by superannuation law) receive concessional tax treatment. Your tax-free component may be increased to take into account the period where you could have expected to be gainfully employed if the disability had not occurred.

#### Tax on income protection payments

The benefits paid under income protection insurance are paid as taxable income, the same as salary and wages. Any payments will be made after deducting pay-as-you-go withholding tax.

#### Quoting your Tax File Number

It is your decision whether you give us your TFN, although we strongly recommend it.

Under the Superannuation Industry (Supervision) Act 1993, Australian Ethical Super is authorised to collect, use and disclose your TFN.

Australian Ethical Super may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request in writing that your TFN not be disclosed to any other superannuation provider.

If you do not quote your TFN the top marginal tax rate plus Medicare Levy will apply to concessional contributions. Additionally, if a TFN is not held, the Fund cannot accept non-concessional contributions from you.

Declining to quote your TFN to us is not an offence. However, giving your TFN will have the following advantages:

- we will be able to accept all permitted types of contributions to your account
- other than the tax that may ordinarily apply, you will not pay more tax than you need to. This affects both contributions to your superannuation and benefit payments when you start drawing down your superannuation benefits
- it will make it much easier to find different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

**Employers please note:** If your employee completes a TFN declaration form and you make a super contribution for your employee, you must provide the employee's TFN to the Fund within 14 days of receiving their declaration form unless the employee has indicated otherwise.

# 8 How to open an account

## Cooling off

You have a 14-day cooling-off period after making your investment to ensure you are comfortable with your decision to invest. You will need to tell us in writing if you change your mind. The cooling off period starts at the earlier of the date you receive confirmation from us of an initial contribution to your account, or five business days after the initial contribution to your account is accepted

If you exercise your right to cool off, preserved and restricted non-preserved amounts can only be rolled over to another fund – they cannot be paid directly to you.

The amount rolled over or repaid will be adjusted to take into account the increase or decrease in the value of the investment from the date it was invested until the date we receive the notification from you, as well as any transaction costs and reasonable administrative fees.

The cooling off period does not apply in some situations including switches between investment options and any investment in respect of which an investor has already exercised rights as a member of the Fund.

## Account closure

If your account reaches a \$0 balance and remains this way for 4 months or more, we may automatically close your account.

If you join the Fund and we haven't received any funds in your account within 4 months of the date of opening the account, we may automatically close your account.

## Enquiries and complaints

We welcome your enquiries and comments.

If you are not satisfied with any aspect of our service, please contact our Client Service team on 1300 134 337 or email [members@australianethical.com.au](mailto:members@australianethical.com.au)

For more information about making a formal complaint, please go to [australianethical.com.au/lodge-a-complaint](http://australianethical.com.au/lodge-a-complaint)

If we do not resolve your complaint to your satisfaction, you can complain to the following external dispute resolution body, as applicable, at no charge to you:

- The Australian Financial Complaints Authority (AFCA):  
[w www.afca.org.au](http://www.afca.org.au) [e info@afca.org.au](mailto:info@afca.org.au) [t 1800 931 678](tel:1800931678)

## We respect your privacy

Protecting your personal information is important to us. Please read our Privacy Policy and our Privacy Collection Notice which outline the type of information we collect about you and how we will use and store that information, and are available on our website at [australianethical.com.au/privacy-policy](http://australianethical.com.au/privacy-policy)



## Contact us

**t** 1300 134 337

**e** [members@australianethical.com.au](mailto:members@australianethical.com.au)

**w** [australianethical.com.au](http://australianethical.com.au)

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