

Australian
Ethical



AUSTRALIAN ETHICAL SUPER

Pension Additional Information Booklet

1 October 2024

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 Pension Additional Information Booklet (**Booklet**) forms part of the PDS for the Australian Ethical Retail Superannuation Fund ('**the Fund**' or '**Australian Ethical Super**') dated 1 October 2024.

The information in the PDS is designed to help you:

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

The Fund's PDS, Target Market Determinations (**TMD**), Additional Information Booklets and Guide to our Ethical Investment Process (**Ethical Guide**) are available free of charge by downloading it from our website, australianethical.com.au/super/pds contacting us on **1800 021 227** or emailing us at 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.

The offer made in this PDS is made only to persons receiving this PDS in Australia (electronically or otherwise).

Important...

This Booklet has been prepared by Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733, RSE L0001441, AFSL 526055) (**Trustee**) which is the trustee of the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743, USI AET0100AU) ('**the Fund**' or '**Australian Ethical Super**'). Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) (**Australian Ethical**) arranges offers 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**). The PDS is an offer by Australian Ethical.

Information contained in the **PDS**, the Additional Information Booklets, **Ethical Guide**, 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.

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.

The information provided in the PDS and the Additional Information Booklets is general information only and does not take account of your individual investment objectives, financial situation or needs. You should read and consider the PDS carefully and consider seeking advice from an authorised financial adviser before making any decisions.

Contact us

T 1800 021 227

E members@australianethical.com.au

W australianethical.com.au

P Australian Ethical Super, GPO Box 3117, Brisbane QLD 4001

Join online australianethical.com.au/join-now

Contents

1	How a pension works	4	5	Fees and costs	20
	The accounts available and who can contribute	4		Fee discounts	23
	Commencing a transition to retirement pension	4		Defined Fees	24
	Commencing a retirement pension	5		Additional explanation of fees and costs	25
	Pension investment options	5	6	How super is taxed	28
	Pension payments	5		Tax on rollovers	28
	Commencement of your pension	6		Taxation of pension payments	28
	Account valuation	7		Taxation of fund earnings	28
	Valuing interests in the Fund when investing and withdrawing	7		Tax on withdrawals	28
	Investment switches	7		Tax on death and terminal illness benefits	29
	Withdrawing your pension	7		Tax on disability withdrawals	30
	What will happen to your benefits if you die?	7		Tax on exceeding transfer balance cap	30
2	Benefits of investing with Australian Ethical Super	9	7	Other information	31
	Our ethical evaluation process	9		Target market determination	31
	Keeping you informed	9		Cooling off	31
3	Risks of super	10		Account closure	31
				Anti-Money Laundering and Counter-Terrorism Financing and other obligations	31
4	How we invest your money	12			
	Standard Risk Measure	12			
	Investment options hedging	12			
	Managing risk	12			
	Your choice of investment options	13			



1 How a pension works

Superannuation (**super**) is a long-term investment and tax effective way to save for your retirement as the Government provides tax concessions and other benefits compared to investments held outside of super. For many Australians super will be their largest asset.

When you retire you can use your super to commence an account-based income stream (**pension**). A pension offers many benefits including regular income payments and tax-free investment earnings. Certain details in relation to a pension are set out in this Booklet. If you're receiving a pension from your super, you may also be eligible to claim the Government Age Pension. For assistance about the Government Age Pension, please contact Centrelink on 132 300.

For other information regarding contributions to, rollovers to and from, non-pension withdrawals from, and investment options in, superannuation, refer to the **Super Additional Information Booklet** available at australianethical.com.au/super/pds.

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 throughout your working life. You and your employer(s) are able to contribute to this account. Benefits are usually paid out as a lump sum or transferred to a pension account on retirement. Insurance is available in an accumulation account. For information on accumulation accounts, please refer to the **Super Additional Information Booklet** and the **Insurance Guide** available at australianethical.com.au/super/pds.
- 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, preretirement. Insurance is not available in an account based pension. This Booklet provides information about pensions for people in retirement and for those transitioning to retirement.

If you are contributing to super, you will need an accumulation account and your contributions will be allocated to the accumulation division of the Fund. The Fund maintains a separate account for each member. It is possible to maintain both an accumulation account and a pension account. 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 our member portal.

Commencing a transition to retirement pension

If you have reached your preservation age (see table on the following page), and have not yet retired, you may be able to supplement your income with a transition to retirement pension prior to meeting a condition of release and commencing a retirement pension. By commencing a transition to retirement pension, you could receive an income stream from your super to supplement your income. If you continue to work full-time you may be able to boost your super savings through a salary sacrificing arrangement. We recommend you seek financial advice if you are considering starting a transition to retirement pension. If you are commencing a transition to retirement pension, or if you wish to continue your insurance cover in the Fund, you may need to have two accounts:

- your pension account
- your accumulation account into which your employer contributions and salary sacrifice contributions can be paid and from which insurance premiums can be deducted.

When you retire you can consolidate your accounts by transferring your pension account in respect of your transition to retirement pension back to an accumulation account and commence a new retirement pension.

The minimum pension balance applicable to a retirement pension also applies to a transition to retirement pension. However, the transfer balance cap does not apply to transition to retirement pensions until you reach age 65 or satisfy a condition of release, but there is a maximum annual payment amount (refer to the following page).

1 How a pension works

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

Commencing a retirement pension

Once you have met a relevant condition of release¹, you can commence a pension from your superannuation monies held within the Fund or from another superannuation fund. Before your pension starts, you will need to combine all of the superannuation monies you wish to use to commence your pension into one pension account.

If you are commencing a pension with more than one rollover and/or contribution, an Australian Ethical Super 'holding' account will be set up for you which will incur the standard fees and costs as our Super product.

Insurance will be switched off so no premiums will be payable. Your funds will be invested in the accumulation equivalent of your chosen pension account investment option(s) until all expected funds are received and your account has been rolled over to the pension account. Please see the PDS and Super Additional Information Booklet for more information.

The minimum amount you need in your pension account to start your pension with the Fund is \$30,000.

The transfer balance cap means that you cannot transfer more than a certain amount in total to pension accounts across all super funds across your lifetime. If you are starting your first pension, your transfer balance cap will be \$1.9 million. If you have already commenced an account based pension previously, you will have a personal transfer balance cap and transfer balance account.

You can view your personal transfer balance cap on ATO online services. If you transfer an amount above your transfer balance cap you will have to remove the excess plus deemed earnings from the pension account. Additional tax may also be payable. Refer to ato.gov.au/individuals/Super for more information on the transfer balance cap.

If we receive a notice from the Australian Taxation Office (ATO) requiring us to remove an excess amount above your transfer balance cap from your pension account, we may commute the excess amount to an accumulation account. Any excess amount commuted to an accumulation account will be invested in Balanced (accumulation) unless you instruct us to invest it in another option.

Once you have commenced your pension, you cannot make additional contributions to your pension account. If you decide to contribute further money to your pension account, you will need to transfer your benefits back to an accumulation account and then commence a new pension account.

You should consider if contribution caps or age limits will restrict the contributions you can make to an accumulation account before deciding to recommence your pension / closing your accumulation account.

Further information on contributing to an accumulation account is provided in the [Super Additional Information Booklet](#) available at australianethical.com.au/super/pds.

You should seek professional advice to understand the options available to you and to consider your personal circumstances.

Pension investment options

Your pension account will be invested in the investment option(s) you choose. If you do not select an investment option for your pension account, your account will be invested in the Conservative investment option.

Pension payments

The amount you choose to draw from your pension will depend on your lifestyle, any other income sources you have and how much you can afford. You can choose both the frequency of your pension payments and the amount you receive, subject to a minimum annual amount set by the Government. Transition to retirement pensions are also subject to a maximum annual payment amount.

Your annual minimum and maximum pension limits are calculated on your pension balance at commencement and then annually at the start of each financial year. If you have nominated to receive the minimum amount from your pension, the amount you will receive will change year to year depending on the value of your pension account on 1 July each year.

¹ The main conditions of release are permanently retiring after reaching your preservation age, leaving employment after reaching age 60, reaching age 65 or permanent incapacity.

1 How a pension works

Even if you select to receive an amount lower than the minimum, we are required to pay you the minimum pension payment.

Commencement of your pension

At the commencement of your pension and at the start of each financial year, you must nominate to receive at least one pension payment for the year. Your pension can be paid bi-monthly, monthly, quarterly, bi-annually, or annually. Annual payments cannot be paid in July. Pension payments are made on the 15th of the month (as well as the 28th if you have chosen bi-monthly).

If you start a pension before 1 June, a pension payment must be made to you before 30 June of that year. The payment will be as specified by you or at least the proportional amount of the minimum payment based on the number of days in the financial year for which the investment is held.

If you invest in a pension on or after 1 June in any financial year:

- you can choose whether to have a pension payment in that financial year
- if you have elected the minimum pension payment, you will not receive a June payment (unless you choose to)
- you must receive a pension payment by 30 June in the following financial year.

Each year you will be sent the information required to complete your tax return, including details of any tax withheld from your pension and other information required by Centrelink.

Payments are made by direct credit to your nominated Australian bank account. You can change the account that your pension is paid to at any time by completing the **Change of Details form** available at australianethical.com.au/pensions/forms. You will need to provide us with a bank statement.

If your pension account is invested in more than one investment option, you can nominate the investment option(s) that your pension payments are drawn from. If you do not select a drawdown order, your pension payments will be drawn proportionally from your investment options.

Age	Standard minimum pension payment#	Maximum pension payment#
Under 65	4%	10% for transition to retirement
65-74	5%	N/A
75-79	6%	N/A
80-84	7%	N/A
85-89	9%	N/A
90-94	11%	N/A
95+	14%	N/A

These figures are for 2024/25 and are subject to change.

You can continue to receive a pension until your account balance is fully paid out or you close your account.

It is important to remember that the balance of your account may not be sufficient to pay an income stream for the rest of your life.

When deciding on the level of pension payments you choose to draw from your pension account, you should consider how long your pension needs to last.

1 How a pension works

Account valuation

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

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, 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 financial year period.

Valuing interests in the Fund when investing and withdrawing

Once an investment option in the Fund is valued, a price is determined for interests (or units) in that investment option. Each investment option within the Fund is unitised. When you switch your investment, change your mix of investment options, or roll out your funds, you are in effect buying and selling units. As such, your investment will be affected by the buy and sell price that applies on the day the action occurs.

The unit price is used when switches or withdrawals are made in order to determine the number of interests to be issued or redeemed. When processing switches or withdrawals, the price used will be the price calculated after the switch or withdrawal request has been received.

Investment switches

Generally, investment switches processed on a Business Day will be processed using the next Business Day's unit price.

Withdrawing your pension

If you have retired or met another condition of release, you can request a lump sum withdrawal (known as a "commutation") from your pension at any time. You can request either a partial withdrawal or a full withdrawal. If you withdraw your entire balance your pension will cease and we are required to pay you the pro-rated minimum pension payment before account will be closed.

If you have a transition to retirement pension and have not yet retired or met another condition of release, lump-sum withdrawals will be limited to any unrestricted non-preserved benefits you hold.

The amount of your unrestricted non-preserved benefit is shown on your member benefit statement, our member portal or can be obtained by calling us on **1800 021 227**.

You can request to roll your pension back to an accumulation account and cease your pension payments at any time.

In normal circumstances, your request for a withdrawal (commutation) from your pension will be actioned within 5 Business Days of our receipt of your request.

Requests to rollover benefits to another APRA regulated superannuation fund, will normally be processed within three Business Days. At some times, particularly around the end of financial year and half-year, timeframes for payment or transfers of benefits may be longer.

Transfers to self-managed super funds may take longer to process and require additional information.

Further information is provided on our **Withdrawal Form** available at australianethical.com.au/pensions/forms

Payments out of the Fund to a member 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 in accordance with the Superannuation Industry (Supervision) Act 1993 (Cth) (**SIS Act**) and any valid binding death benefit nominations you have made.

1 How a pension works

You can nominate one or more dependants or a legal personal representative (LPR). 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 opposite gender)
- a child
- a person with whom you have an interdependency relationship (as defined in the SIS act)
- someone who is financially dependent on you.

There are different taxation implications to individuals entitled to receive superannuation death benefits following your death. Please refer to section 6 for more information.

Beneficiary nominations

You can make a preferred beneficiary nomination or a binding death benefit nomination on your account. You can also select a reversionary beneficiary (see below).

The most appropriate beneficiary nomination depends on your personal circumstances.

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

Reversionary beneficiary

You can nominate certain dependants to receive your pension as an income stream after your death. In the event of your death and if you have made a valid nomination, your pension will revert to your reversionary beneficiary and pension payments will continue until the account balance is fully paid out or your reversionary beneficiary dies or closes the account. Transfer balance caps apply to income streams paid to a reversionary beneficiary and additional tax may apply. Refer to ato.gov.au/individuals/Super for more information on the transfer cap.

Please note, if you have nominated your child as your reversionary beneficiary, your child will receive your pension as an income stream for so long as, they are less than 18 years of age, or if they are over 18 years and were financially dependent on you at the time of your death, until they turn 25.

Except where your child has a disability, your pension must be cashed as a lump sum when your child turns 25.

If your child is over 18 years of age and has a disability of the kind described in the Disability Services Act 1986 (Cth), your child may continue to receive your pension as an income stream until the account balance is fully paid out or they die or close the account.

You can nominate a reversionary beneficiary on commencement of your pension. It's important to tell us if your circumstances change and you wish to cancel your reversionary beneficiary.

We are bound to pay your benefits in accordance with your reversionary beneficiary instructions if they are valid at the time of your death. If a reversionary nomination is not valid at the time of death, we will take it into account when deciding how to pay your benefit.

Preferred beneficiary

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

In this situation, in the event of your death, we will pay your benefit to your dependants or legal personal representative in proportions determined by us whilst 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.

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. It is valid for three years after the nomination was made.

A binding nomination will need to be re-confirmed or amended within three years of it being made otherwise it will expire in three years. If a binding death benefit 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 and it will be converted into a preferred beneficiary nomination. The **Binding Death Benefit Nomination form** is available at australianethical.com.au/pensions/forms or by calling us on **1800 021 227**.

2 Benefits of investing with Australian Ethical Super

Our ethical evaluation process

Australian Ethical believes in the transformative power of money to help achieve positive social and environmental outcomes. We seek out investments which provide for and support the ethical principles set out in the Australian Ethical Charter. These principles guide our examination of whether companies and other investments are part of a path to a better future for people, animals and the environment. We interpret and apply these principles using our more detailed criteria (Ethical Criteria) outlined in the **Ethical Guide** which can be found at australianethical.com.au/super/pdsforms.

Our ethical evaluation process and Ethical Criteria are important because we implement the investment strategy for each investment option by targeting investments which are consistent with both our Ethical Criteria and the investment strategy and objectives of the investment option.

Our Ethical Criteria are a mix of prescriptive rules alongside more qualitative criteria which help us identify, measure and balance the most significant positive and negative impacts of companies, products, services and activities. We believe a company with positive products and services can remain an ethical investment even though it earns some revenue from a negative product or activity, or if its products and services are used by some in a harmful way. Also, where a company makes a mistake, we don't automatically exclude it, but we assess whether the mistake indicates a systemic problem, and if the company has acted to fix the mistake and stop it happening again. When evaluating companies we look at benefits and harms from both what the company produces, and also from the way the company operates.

Keeping you informed

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

Additionally, we recommend that you regularly visit the website to obtain the latest information about your investment. Information that is material to your investment will be provided on our website.

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 on our secure member portal or by phoning us on **1800 021 227**.

Secure online access

The easiest way to keep track of your super is through our member portal. 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
- change your investment options for your existing account balance
- print or download your annual statement
- change your address and personal details
- view your binding or preferred death benefit nominations and change your preferred beneficiaries.

Member statements

You will receive an annual statement showing the activity in your account – such as 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 annual statement will be provided to you in our 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/super-annual-reports/. If you would like to receive a free paper copy, please contact us.

3 Risks of super

Super, like all investments, carries risks.

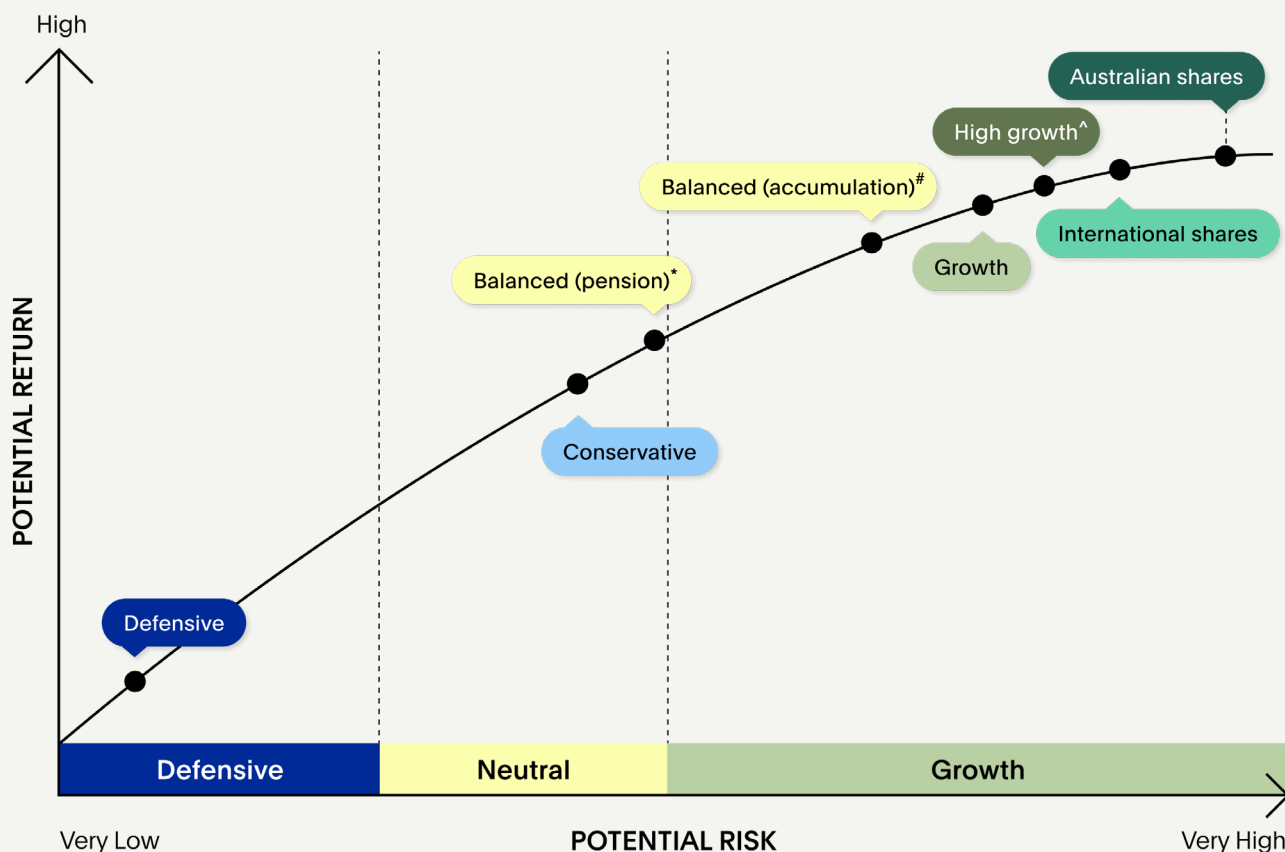
Australian Ethical invests in different types of assets, including Australian shares, international shares, property and fixed interest.

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 more likely to fall in value over the short-term when compared to other asset classes. Fixed interest investments are less volatile 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 multiple asset classes.

The level of risk and the returns will depend on the assets each option invests in. Assets with the highest long-term returns may also carry the highest level of short-term risk. You should be aware that investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the Fund may not have exposure to specific assets which over or underperform over the investment cycle. It follows that the returns and volatility of the Fund may be higher or lower than its non-ethical, non-sustainably invested peers over all investment timeframes.



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

This option is only available in the accumulation and transition to retirement division

* This option is only available in the pension division

^ This option is not available in the pension division

The acceptable level of risk appropriate for each person will vary depending on a range of factors including your age, investment timeframes, your risk tolerance, and where other parts of your wealth are invested. You should assess your personal situation 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.
- superannuation laws may change in the future.
- in the event of extreme market volatility, the Trustee 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.
- investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the investment option/s may not have exposure to specific assets which over or underperform over the investment cycle. It follows that the returns and volatility of the investment option may be higher or lower than its non-ethical, non-sustainable peers over all investment timeframes.



4 How we invest your money

Important...

You can keep up-to-date with the unit prices and performance of all the investment options through our website at australianethical.com.au/pension/performance-and-prices/ or by contacting us.

Australian Ethical Super offers members something beyond conventional superannuation investment because it applies a combination of financial and ethical objectives to the selection of investments, subject to a member's best financial interests.

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.

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

Not all assets in these investment options are hedged. As a result, the value of the investment options international investments in Australian dollars will vary as exchange rates vary. At our discretion we may, in the future, hedge some or all of the currency exposure.

Managing risk

Our investment process includes well-developed processes to manage relevant risks. We use careful research, a range of investment limits, market data and diversification to manage individual investment and market risk. We use investment limits and we may use derivatives in the management of the portfolio but not for gearing purposes or speculative activities.

* The Standard Risk Measures are produced in accordance with the Standard Risk Measure Guidance issued jointly by The Association of Superannuation Funds of Australia Limited and Financial Services Council. The Standard Risk Measure is not a complete assessment of all forms of investment risk.



4 How we invest your money

Your choice of investment options

Following are details on the investment options that are available when you invest with Australian Ethical Super in the pension division.

Defensive Option

Investment objective	The option aims to exceed the return of the Bloomberg AusBond Bank Bill [^] after taking into account investment fees and taxes over a 1 year period.	
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*		
	Growth 0%	Defensive 100%
Asset type		Cash and short term interest bearing securities
Ranges		0-100%
Target		100%
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. Please refer to the Ethical Guide for further material relating to the asset types in this option.	

[^] Bloomberg Finance LP and its affiliates (collectively 'Bloomberg') do not approve or endorse this material and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of this material.

* 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 correct as at 1 October 2024 and is subject to change.

4 How we invest your money

Conservative option

Investment objective	The option aims to achieve returns 1.50% above inflation after investment fees and taxes over a 10 year period. ¹						
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	4 years						
Strategic asset allocation*							
	Growth 22.5-42.5%					Defensive 57.5-77.5%	
Asset type	Australian & New Zealand Shares^	International Shares	Alternatives	Property and Infrastructure	Fixed Interest	Cash and short term interest bearing securities	
Ranges	0-17.5%	0-17.5%	0-20%	0-17.5%	37.5-57.5%	10-30%	
Target	7.5%	7.5%	10%	7.5%	47.5%	20%	
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. Please refer to the Ethical Guide for further material relating to the asset types in this option.						

¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis

* 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 correct as at 1 October 2024 and is subject to change.

[^] 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.

4 How we invest your money

Balanced (pension) option - not available in transition to retirement accounts

Investment objective	The option aims to achieve returns 2.75% above inflation after investment fees and taxes over a 10 year period. ¹						
Investors that the option may suit	Members comfortable with a medium level of risk that have an investment timeframe of at least 6 years.						
Recommended minimum investment timeframe	6 years						
Strategic asset allocation*							
		Growth 45-65%				Defensive 35-55%	
Asset type	Australian & New Zealand Shares^	International Shares	Alternatives	Property and Infrastructure	Fixed Interest	Cash and short term interest bearing securities	
Ranges	8.75-28.75%	8.75-28.75%	0-20%	0-17.5%	20-40%	5-25%	
Target	18.75%	18.75%	10%	7.5%	30%	15%	
Risk level	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. Please refer to the Ethical Guide for further material relating to the asset types in this option.						

¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis

* 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 correct as at 1 October 2024 and is subject to change.

[^] 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.

4 How we invest your money

Balanced (accumulation) option - only available for transition to retirement accounts

Investment objective	The option aims to achieve returns 3.25% above inflation after investment fees and taxes over a 10 year period. ¹						
Investors that the option may suit	Members comfortable with a medium to high level of risk that have an investment timeframe of at least 8 years.						
Recommended minimum investment timeframe	8 years						
Strategic asset allocation*							
		Growth 62.5-82.5%				Defensive 17.5-37.5%	
Asset type	Australian & New Zealand Shares^	International Shares	Alternatives	Property and Infrastructure	Fixed Interest	Cash and short term interest bearing securities	
Ranges	17.5-37.5%	17.5-37.5%	0-20%	0-17.5%	5-27.5%	0-20%	
Target	27.5%	27.5%	10%	7.5%	17.5%	10%	
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. Please refer to the Ethical Guide for further material relating to the asset types in this option.						

¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis

* 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 correct as at 1 October 2024 and is subject to change.

[^] 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.

4 How we invest your money

Growth option

Investment objective	The option aims to achieve returns 4.25% above inflation after investment fees and taxes over a 10 year period. ¹					
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	9 years					
Strategic asset allocation*						
	Growth 75-95%				Defensive 5-25%	
Asset type	Australian & New Zealand Shares [^]	International Shares	Alternatives	Property and Infrastructure	Fixed Interest	Cash and short term interest bearing securities
Ranges	25-45%	22.5-42.5%	0-20%	0-17.5%	0-17.5%	0-17.5%
Target	35%	32.5%	10%	7.5%	7.5%	7.5%
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. Please refer to the Ethical Guide for further material relating to the asset types in this option.					

¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis

* 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 correct as at 1 October and is subject to change.

[^] 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.

4 How we invest your money

International Shares option

Investment objective	The option aims to track MCSI World ex Australia Index (AUD), before taking into account fees and expenses over a 3 year period.		
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*			
	Growth 80-100%	Defensive 0-20%	
Asset type	International Shares	Cash and short term interest bearing securities	
Ranges	85-100%	0-15%	
Target	95%	5%	
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. Please refer to the <u>Ethical Guide</u> for further material relating to the asset types in this option.		

* 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 correct as at 1 October 2024 and is subject to change.

4 How we invest your money

Australian Shares option

Investment objective	The option aims to exceed the return of the S&P/ASX300 Accumulation Index after taking into account fees and taxes over a 7 year period.		
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*			
	Growth		Defensive
Asset type	Australian and New Zealand Shares^	International Shares	Cash and short term interest bearing securities
Ranges	80-100%	0-5%	0-20%
Target	95%	0%	5%
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. Please refer to the Ethical Guide for further material relating to the asset types in this option.		

* 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 correct as at 1 October 2024 and is subject to change.

[^] 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.

Note: the actual asset allocation for the above investment options may temporarily fall outside the ranges stated above in certain circumstances such as large applications, asset transitions, or extreme market movements.

5 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 pension division. Different fees and costs may apply to investments held in the accumulation 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 pension account, from the return on your investment, or from the Fund's assets as a whole.

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 moneysmart.gov.au has a superannuation calculator to help you check out different fee options.

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

You should read all the information about fees and other costs because it is important to understand their impact on your investment.

5 Fees and costs

Type of fees or costs	Amount	How and when paid
Ongoing annual fees and costs^{1*}		
Administration fees and costs	Administration fees of: \$68 per annum Plus 0.26% p.a. of your account balance	Dollar based fees are deducted from your account monthly. Percentage administration fees are accrued daily and reflected in the unit price. The percentage administration fee you pay is calculated on your account balance.
Investment fees and costs ²	0.20% to 1.15% of assets p.a. depending on the investment option	Investment fees are accrued daily and reflected in the unit price. 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.
Transaction costs ³	0.00% to 0.02% of assets p.a. depending on the investment option	Transaction costs are incurred when assets are bought or sold and are reflected in the unit price. These costs are not deducted directly from your account. *Transaction costs are calculated at 30 June each year based on the previous 12 months.
Member activity related fees and costs		
Buy-sell spread	0.00%/0.00% to 0.15%/0.15% depending on the investment option	Applied to the unit price before processing each buy and sell transaction.
Switching fee ⁴	Nil	N/A
Other fees and costs ⁵	Various	Other fees and costs such as Insurance fees may apply.

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 certain fees and costs charged to you in relation to administration and investments are capped at 3% per annum of the account balance. Any amount charged in excess of that cap must be refunded.

2 Investment fees and costs includes an amount of 0.00% to 0.01% for performance fees. The calculation basis for this amount is set out under "Additional explanation of fees and costs" on page 25.

3 See the "Additional explanation of fees and costs" on page 25 for more information about Transaction costs.

4 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.

5 Other fees and costs such as activity fees may apply. See "Additional explanation of fees and cost" on page 25.

* The fees shown are current as at the date of this PDS and are subject to change. Further information and definitions of the fees can be found at australianethical.com.au/pension/fees.

5 Fees and costs

Account Based Pension

If you have an Account Based Pension, the investment fees and costs in the table below apply to the balance held in the investment option and are rounded to the nearest two decimal places. These fees and costs are based on actual and estimated costs for the financial year ended 30 June 2024.

Investment Option	Investment fees and costs				Net Transaction costs % p.a.
	Investment fees % p.a.	Performance fees % p.a.	Indirect costs % p.a.	Total % p.a.	
Defensive	0.20%	0.00%	0.00%	0.20%	0.00%
Conservative	0.54%	0.00%	0.15%	0.69%	0.00%
Balanced (pension)	0.66%	0.00%	0.13%	0.79%	0.00%
Growth	0.83%	0.01%	0.14%	0.98%	0.02%
Australian Shares	1.15%	0.00%	0.00%	1.15%	0.00%
International Shares	0.89%	0.00%	0.00%	0.89%	0.01%

Transition to Retirement Pension

If you have a Transition to Retirement Pension, the investment fees and costs in the table below apply to the balance held in the investment option and are rounded to the nearest two decimal places. These fees and costs are based on actual and estimated costs for the financial year ended 30 June 2024.

Investment Option	Investment fees and costs				Net Transaction costs % p.a.
	Investment fees % p.a.	Performance fees % p.a.	Indirect costs % p.a.	Total % p.a.	
Defensive	0.20%	0.00%	0.00%	0.20%	0.00%
Conservative	0.54%	0.00%	0.14%	0.68%	0.01%
Balanced (accumulation)	0.64%	0.01%	0.16%	0.81%	0.03%
Growth	0.83%	0.01%	0.15%	0.99%	0.05%
Australian Shares	1.15%	0.00%	0.00%	1.15%	0.01%
International Shares	0.89%	0.00%	0.00%	0.89%	0.01%

5 Fees and costs

Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your superannuation investment over a 1-year period for all superannuation products and investment options. It is calculated in the manner shown in the 'Example of annual fees and costs' in the PDS. The cost of product information assumes a balance of \$50,000 at the beginning of the year (additional fees such as a buy-sell spread may apply); refer to the Fees and costs summary for the relevant product or investment option. You should use this figure to help compare superannuation and pension products and investment options.

Investment Option	Cost of Product ¹	
	Account Based Pension	Transition to Retirement Pension
Defensive	\$298	\$298
Conservative	\$543	\$543
Balanced (accumulation)	-	\$618
Balanced (pension)	\$593	-
Growth	\$698	\$718
International Shares	\$648	\$648
Australian Shares	\$773	\$778

¹ The cost of product for each investment option assumes you hold that investment option only since the amount includes the annual dollar-based administration fee of \$68 which applies to your account regardless of your balance. If you hold more than one investment option, this dollar-based fee will be apportioned across your investment options. It will not be charged separately for each investment option.

Fee discounts

The Balanced (accumulation) option is our MySuper product and due to MySuper requirements, the large account balance discount will not apply to amounts held within the Balanced (accumulation) option within the Fund. For all investment options other than the Balanced (accumulation) option the following fee discounts are provided:

Discount	Discount amount	How and when discount applied
Large account balance		
Balance between \$250,000 and \$349,999	0.02% per annum	Your eligibility for the large account balance discount and the discount amount on the 0.26% p.a administration fee you receive is based on your account balance (excluding any balance in Balanced (accumulation)) at the end of each month. The amount you receive will be calculated based on your daily account balance (excluding any balance in Balanced (accumulation)) and credited to your account proportionally across your investment options (excluding any balance in Balanced (accumulation)) at the end of each month.
Balance between \$350,000 and \$499,999	0.05% per annum	
Balance over \$500,000	0.10% per annum	

5 Fees and costs

Defined Fees

Activity Fees	<p>A fee is an activity fee if:</p> <ol style="list-style-type: none"> The fee relates to costs incurred by the trustee of a superannuation entity that are directly related to an activity of the trustee: <ol style="list-style-type: none"> that is engaged in at the request, or with the consent, of a member; or that relates to a member and is required by law; and those costs are not otherwise charged as administration fees and costs, investment fees and costs, transaction costs, a buy-sell spread, a switching fee, an advice fee or an insurance fee.
Administration fees and costs	<p>Administration fees and costs are fees and costs that relate to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:</p> <ol style="list-style-type: none"> relate to the administration or operation of the entity; and are not otherwise charged as investment fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.
Advice fees	<p>A fee is an advice fee if:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> a trustee of the entity; or another person acting as an employee of, or under an arrangement with, the trustee of the entity; and those costs are not otherwise charged as administration fees and costs, investment fees and costs, a switching fee, an activity fee or an insurance fee.
Buy-sell spreads	<p>A buy-sell spread is a fee to recover costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.</p>
Exit fees	<p>An exit fee is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.</p>
Investment fees and costs	<p>Investment fees and costs are fees and costs that relate to the investment of the assets of a superannuation entity and includes:</p> <ol style="list-style-type: none"> fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and costs incurred by the trustee of the entity that: <ol style="list-style-type: none"> relate to the investment of assets of the entity; and are not otherwise charged as administration fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.
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 in the entity 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>
Transaction costs	<p>Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy-sell spreads.</p>

5 Fees and costs

Additional explanation of fees and costs

Adviser service fees

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

- Upon your instruction, adviser fees of up to \$8,000 p.a. (including GST) can be deducted from your account. This one-off fee can be deducted as one amount or can be spread out over a 12 month period under a fixed term arrangement. After the 12 months, the fee will cease automatically and a new form will be required for any new fee arrangements as negotiated with your adviser.
- Fees paid to your adviser are in addition to our management fees. Adviser service fees are deducted from your account at the end of the month. If there are insufficient funds in your account on the deduction date, the adviser service fee will not be deducted.

Performance fees

Where Australian Ethical is the investment manager, we do not charge performance fees directly for the options. However, where an external investment manager is appointed to manage a part of the option's assets directly or indirectly (for example through an underlying fund), they may charge a performance fee.

The performance fee is included in the investment fees and costs of the relevant investment option and will reduce the value of your investment.

Performance fees for an investment manager of a Fund may be up to 20% of outperformance over the relevant benchmark or performance hurdle and are generally paid at least annually (performance period). Performance fees affect an option's return and therefore the value of your investment in the option.

Where an investment manager's cumulative performance for a period is less than the relevant benchmark or its performance hurdle, this underperformance may be carried forward to the following period and no further performance fees will be either reflected in the unit price or paid in respect of the investment manager until the underperformance is recouped.

In rare circumstances, such as where there's a large withdrawal from an option, or where an investment manager is replaced, any negative performance fee accrual (representing underperformance) may be reset to zero or a lower amount that we believe is appropriate. We don't expect a negative accrual to be reset solely due to a sustained period of poor performance or weak market conditions.

The estimated performance fees have been calculated by using the performance fees paid, or using performance fee information provided to us by an investment manager of an underlying fund. The more exposure an option has to an underlying investment that charges performance fees, the greater the potential impact that this will have on your investment in that option.

The amount of these payments may change during the life of the PDS of the relevant product.

Buy-sell spreads

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 in the following table. 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.

Investment Option	Buy/Sell Spread
Defensive	0.00%/0.00%
Conservative	0.05%/0.05%
Balanced (accumulation)	0.05%/0.05%
Balanced (pension)	0.05%/0.05%
Growth (accumulation)	0.15%/0.15%
Growth (pension)	0.10%/0.10%
International Shares	0.05%/0.05%
Australian Shares	0.15%/0.15%

5 Fees and costs

Transaction costs

Transaction 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) including transaction costs from interposed vehicles.

Transaction costs in the fees and costs shown in the fees and costs summary are net of any amount recovered by the buy-sell spread.

The applicable table for either your Account Based Pension or Transition to Retirement Pension below outlines how much of each investment option's transaction costs were recovered from the buy-sell spread. Net transaction costs (if applicable) are an additional cost to you that are paid from the assets of the Fund and reflected in the unit price.

Account Based Pension

Investment Option	(A) Gross Transaction costs (p.a.)	(B) Recovered via buy-sell spread (p.a.)	(A) – (B) = Net transaction costs (p.a.)
Defensive	0.00%	0.00%	0.00%
Conservative	0.03%	0.03%	0.00%
Balanced (pension)	0.04%	0.04%	0.00%
Growth	0.06%	0.04%	0.02%
Australian Shares	0.06%	0.06%	0.00%
International Shares	0.03%	0.02%	0.01%

Transition to Retirement Pension

Investment Option	(A) Gross Transaction costs (p.a.)	(B) Recovered via buy-sell spread (p.a.)	(A) – (B) = Net transaction costs (p.a.)
Defensive	0.00%	0.00%	0.00%
Conservative	0.02%	0.01%	0.01%
Balanced (accumulation)	0.05%	0.02%	0.03%
Growth	0.07%	0.02%	0.05%
Australian Shares	0.03%	0.02%	0.01%
International Shares	0.02%	0.01%	0.01%

5 Fees and costs

Indirect costs

The indirect costs are calculated 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.

Operational Risk Reserve (ORR)

An ORR is a reserve that is held to cover potential losses arising from operational risks. An operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The amount of the ORR required is reviewed at least annually on 30 June (it is currently set at 0.25% of Australian Ethical Super's total assets). If the ORR is drawn on during the financial year, Australian Ethical Super is required to replenish the ORR. The Trustee may replenish the ORR by deduction of an amount from each member's account. If this is to occur you will be advised in writing before the deduction occurs from your account.

Family law fees

We do not charge fees when providing family law-related services such as payment flagging, payment splitting and information applications.

Applicants and members should also be aware that any legal or court costs incurred by us in relation to a member account may be payable.

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

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

6 How super is taxed

Important...

The information is a general guide to how super held in a pension account is taxed and is based on tax laws and rulings that were current as at the date of the PDS. 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 superannuation 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 this document was prepared. Rates and cap amounts etc may change in the future, and you should seek professional tax advice that is tailored to your personal circumstances before making a decision.

The tax payable on rollovers, pension payments and withdrawals will depend on your age, who is receiving the benefit and the tax-free portion of your account balance.

When you commence your pension, a portion of your super may be tax-free depending on how you contributed to super. Your tax-free component will be calculated as a percentage of your account when you commence your pension.

Pension payments and withdrawals from your pension will be taken from the tax-free and taxable components of your pension in the proportion that they were held when you commenced your pension.

Tax on rollovers

Generally, a benefit rolled over to the Fund from another Australian superannuation fund (or from the Fund to 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 which exceed the untaxed plan cap amount, which for the 2024/25 income year is \$1,780,000.

Taxation of pension payments

If you are aged 60 or over, no tax is payable on pension payments you draw from your pension unless you have an untaxed element in your taxed component.

If you are under age 60, no tax is payable on the tax-free portion of your pension payments, but tax may apply on taxable component. A non-refundable

tax offset of 15% is available if you are at or above preservation age and below 60 (except on the untaxed element of your taxed component). If you have not provided your tax file number to the Fund, the taxable component will be taxed at the highest marginal rate plus the Medicare Levy.

Please refer to the table on the next page which provides a general summary of various tax rates applicable where you are paid a pension depending on your circumstances.

Taxation of fund earnings

Earnings on your superannuation investment in the pension division are tax-free if you are retired and 15% for a transition to retirement pension.

From 1 July 2025, the Australian Government has proposed to reduce the tax concessions on investment earnings available to individuals whose total superannuation balance exceeds \$3 million at the end of the financial year, which may impact the taxation of earnings in a transition to retirement pension account. If the proposal is enacted, individuals with total superannuation balances in excess of that amount may be subject to an additional 15% of tax on the relevant earnings (including on unrealised gains) attributable to the total balance exceeding that threshold (including in a pension account for a transition to retirement income stream). The proposal remains in draft and may change before being enacted.

Additional tax may apply if you exceed your Transfer Balance Cap. It is recommended that you seek advice from a professional taxation or licensed financial adviser before commencing a pension.

Tax on withdrawals

The tax you pay on lump sum withdrawals from pension account 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.

6 How super is taxed

You can only withdraw super where you satisfy a condition of release.

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

It is recommended that you seek advice from a professional taxation or licensed 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%
	Taxable component^	Your marginal tax rate
Between your preservation age and 60	Tax-free component	0%
	Taxable component^	Your marginal tax rate less 15% tax offset
60 or above	All components	0%

* Additional tax will be payable if you have not provided your tax file number to the Fund..

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

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 for this purpose includes:

- a spouse or former spouse
- your child (or a spouse's 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 for tax purposes, 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.

For a general summary of the tax applicable to lump sum withdrawals, please refer to the **Super Additional Information Booklet** at australianethical.com.au/super/pds.

The table below sets out the tax rates applicable to withdrawals of pension benefits. The tax rates below are indicative only, and depend on a number of factors. Your preservation age is as set out in the table in section 1 of this Booklet.

Beneficiary Type	Component	Tax rate~
Dependant	All	0%
Non-dependant^	Tax-free	0%
	Taxable (taxed)	15% plus Medicare Levy
Estate	All	See note*

* Taxation of death benefits paid to the estate depends on whether the ultimate beneficiaries are death benefit dependants for tax purposes.

^ A higher rate of tax will apply if a non-dependant has not provided their tax file number.

~ The tax rate for a taxable component may be higher if there is an untaxed portion in the taxable component.

Death benefits paid as a reversionary pension

The taxation of a death benefit paid as a reversionary pension will depend on your age at the time of your death, whether the reversionary beneficiary was a dependent for tax purposes, the age of your reversionary beneficiary and if the reversionary beneficiary has exceeded their transfer balance cap when receiving the benefit.

We recommend seeking professional tax advice before nominating a reversionary beneficiary.

6 How super is taxed

If the member is aged 60 or over at the time of death and/or the reversionary beneficiary is age 60 or over when receiving the reversionary pension, then payments of the taxable component to a reversionary beneficiary who is a dependent will be tax free. If the member was under age 60 at the time of death and the reversionary beneficiary is under age 60 when receiving the reversionary pension, the taxable component of the reversionary pension will be taxed at the reversionary beneficiary's marginal tax rate (less any deductible amount and 15% tax offset). Tax may apply if you have an untaxed portion in your taxable component.

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 exceeding transfer balance cap

Where you exceed your lifetime transfer balance cap, you will have to remove the excess plus deemed earnings from the pension account, and pay tax on the deemed earnings related to the excess.

A 15% tax will generally apply to the deemed earnings of the excess amount transferred over your transfer balance cap for the first time you exceed the transfer balance cap. The tax rate will increase to 30% for the second and subsequent times you exceed the transfer balance cap.

Quoting your tax file number

It is your decision whether you give us your tax file number (TFN), although we strongly recommend it.

Under the Superannuation Industry (Supervision) Act 1993 (Cth), Australian Ethical Super is authorised to collect, use and disclose your tax file number. However, you are not obligated to provide your TFN and declining to quote your TFN is not an offence.

The Trustee may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request the trustee of your superannuation fund in writing that your TFN not be disclosed to any other superannuation provider.

Providing your TFN to us when you become a member of the Fund means:

- 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, and
- it will be easier to find different superannuation accounts in your name to ensure that you receive all your superannuation benefits when you retire.

7 Other information

Target market determination

The product design and distribution obligations (DDO) came into force on 1 July 2022. ASIC is the regulator for DDO compliance. The DDO requires issuers to prepare and make publicly available a 'target market determination' (TMD), which aims to ensure that financial products for the retail market are targeted and sold to appropriate investors. Issuers must then take reasonable steps to ensure compliance with the TMD by distributors and are subject to ongoing obligations to review the TMD. Distributors must not distribute a product to retail investors unless it has a TMD and must also take reasonable steps to ensure their distribution is consistent with the TMD. The TMD for this product is available at australianethical.com.au/super/pdsforms/.

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 low balance of less than \$5 and remains this way for 5 months or more, we may automatically close your account and transfer your balance to the ATO. The ATO will then try and reunite your balance with an active account elsewhere.

If you join the Fund and we haven't received any funds in your account within 5 months of the date of opening the account, we may automatically close your account.

Anti-Money Laundering and Counter-Terrorism Financing and other obligations

Australian Ethical is required to comply with laws and regulations relating to the prevention of money laundering and counter terrorism financing and sanctions. From time to time, we may take various actions we believe necessary to comply with these laws and relevant internal policies, including requiring additional information from you in order to verify your identity (or the identity of your legal representative, anyone acting on your behalf, any beneficial owners from third parties) or to verify the source of your application monies prior to providing services, and reidentifying you. We may be required to delay, block, freeze or not process transactions. Where you supply documentation relating to the verification of your identity, we are required to keep a record of this documentation for at least 7 years.

We may be required to report information about you to the relevant authorities, and are under no obligation to tell you when this occurs. Such actions may impact on your investment and could result in a loss of income and principal invested. Australian Ethical shall not be liable for any loss (including consequential loss) resulting from any such actions.

**Australian
Ethical**



Contact us

Phone: 1800 021 227

Email: members@australianethical.com.au

Web: australianethical.com.au

Post: GPO Box 3117, Brisbane QLD 4001