

**Australian
Ethical**



AUSTRALIAN ETHICAL SUPER

Super Additional Information Booklet

29 SEPTEMBER 2023



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**' or '**Australian Ethical Super**') dated 29 September 2023.

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 at 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**) 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, 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 on **1800 021 227**.

The information provided in the PDS and the Additional Information Booklets is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Contact us

T 1800 021 227

E members@australianethical.com.au

W australianethical.com.au

P Australian Ethical Super, Locked Bag 20013, Melbourne VIC 3001

Join online australianethical.com.au/join-now

MySuper Authorised

Authorisation Number 49633667743656

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1 How super works

Superannuation (super) is a 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. 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.

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. **Please note that ex-Christian Super members should refer to the Insurance Guide available at australianethical.com.au/cs/insurance.**
- 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.

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

You can select your investment options when you join online and can change your options at any time once your account has been established and you have received your member number. You can switch options over the phone or by logging into the member portal. A buy/sell spread applies to all changes of investment options for any funds in your account or for funds currently being processed.

Contributions to super

Before-tax (concessional) contributions

Before-tax contributions are typically made on your behalf by your employer (compulsory Superannuation Guarantee and employment award contributions). They also include certain voluntary contributions, such as salary sacrifice contributions under a salary sacrifice agreement with your employer and personal contributions which you claim as a personal tax deduction. They are made from your pre-tax income, but are generally subject to tax on contribution to the super fund.

All concessional contributions count towards your concessional contributions cap. If you exceed your concessional contributions cap, there may be additional tax payable in the super fund.

In respect of compulsory Superannuation Guarantee and employment award contributions, most people can choose the super fund where their employer makes those contributions. To nominate Australian Ethical Super as your chosen fund, complete the Choice of super fund form available at australianethical.com.au/super/forms and provide the form to your employer. Superannuation Guarantee contributions are currently a minimum of 11% of your ordinary time earnings for the 2023/24 income year, and are due to increase to 12% from 1 July 2025.

Other voluntary before-tax contributions can be made to a super fund of your choice until 28 days after your 75th birthday. You should discuss with your employer if you wish to make salary sacrifice contributions. If you wish to claim a personal income tax deduction, you must meet eligibility criteria and complete a notice of intention to claim a tax deduction and submit it to Australian Ethical Super within the time limits. This form is available at: australianethical.com.au/super/forms.

You should read section 6 "How super is taxed" and seek professional tax advice before making any voluntary contributions to a super fund.

Low income super tax offset

If your adjusted taxable income is 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).

1 How super works

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.

After-tax (non-concessional) contributions

Voluntary contributions to your super can also be made out of other after-tax amounts, either by you (personal contributions) or your spouse (spouse contributions), or to your spouse's super (also spouse contributions). Non-concessional contributions are generally not subject to contributions tax in the super fund but are subject to your non-concessional contributions cap and your age). If you exceed your concessional contributions cap, there may be additional tax payable in the super fund if it is retained in the fund. You should read section 6 "How super is taxed" and seek professional tax advice before making any additional before-tax contributions to a super fund.

Personal contributions

Contributions that you make to super from savings, lottery winnings, inheritance or asset sale proceeds, for which no tax deduction is claimed are known as non-concessional contributions. By making a personal contribution, you can take advantage of the tax concessions given to investment earnings held in super and you may be eligible for a 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.

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.

Spouse contributions

Your spouse may be eligible to contribute to your super, or you may be eligible to contribute to your spouse's super, and take advantage of tax offsets provided by the Government. The tax offset (capped at \$540) may apply to contributions made on behalf of non-working or low income earning spouses.

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

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

Downsizer contributions to super

If you're 55 or over and have owned your family home for at least 10 years, 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 is a non-concessional contribution but won't count towards your non-concessional contributions caps or be affected by your total superannuation balance in the year you make the contribution.

Additional eligibility criteria apply – visit ato.gov.au for details.

Contribution splitting

If you are married or in a de-facto relationship (including same sex couples), you may be eligible to split your concessional 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 either under their preservation age or under the age of 65 and not retired. Only concessional contributions 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 your concessional contributions cap for the financial year.

Contribution splitting is subject to the concessional contribution caps for the recipient partner.

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.

1 How super works

COVID-19 early release

If you withdrew super under the COVID-19 early release scheme, then you may be able to recontribute these amounts back into super until 30 June 2030 by completing a special form. These amounts will not count towards your non-concessional contributions cap. You can't claim a tax deduction for these contributions.

How to contribute

You can make regular contributions to your super account or make a one off contribution (subject to age restrictions and contribution cap limits).

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®	Personal contribution Spouse contribution	The Biller Codes for voluntary personal or spouse contributions are: Personal contribution – 275701 Spouse contribution – 275719 BPAY® payments should be lodged using your unique customer reference number included in your welcome letter, statements, or member portal. You can advise us of a BPAY© payment you have made through the member portal.

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.

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

1 How super works

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 4pm (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.

We will deduct any payments due from your account on a proportionate basis across your investment options unless the amount to be deducted is less than a threshold that the Trustee has reasonably determined. If the amount is under the threshold, amounts will be deducted from the investment option with the highest balance.

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)
- if you are a temporary resident who has permanently left Australia (as approved by the ATO)
- where we receive a release authority from you or the Australian Taxation Office to pay tax on excess concessional or non-concessional contributions
- where you have made excess non-concessional contributions and you elect (or taken to elect) for the excess, plus 85% of any earnings on the excess, to be released.

1 How super works

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.

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

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. Please refer to the Pension Additional Information Booklet for more information.

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

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 6 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.

1 How super works

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.

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 or by calling us on **1800 021 227**.

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 are 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, 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 the Trustee 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 you seek professional advice from your legal adviser as to the consequences of separation and divorce on your super interests.

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/pds-forms/.

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.

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.

2 Benefits of investing with Australian Ethical Super

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/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 If you would like to receive a free paper copy, please contact us.



3 Risks of super

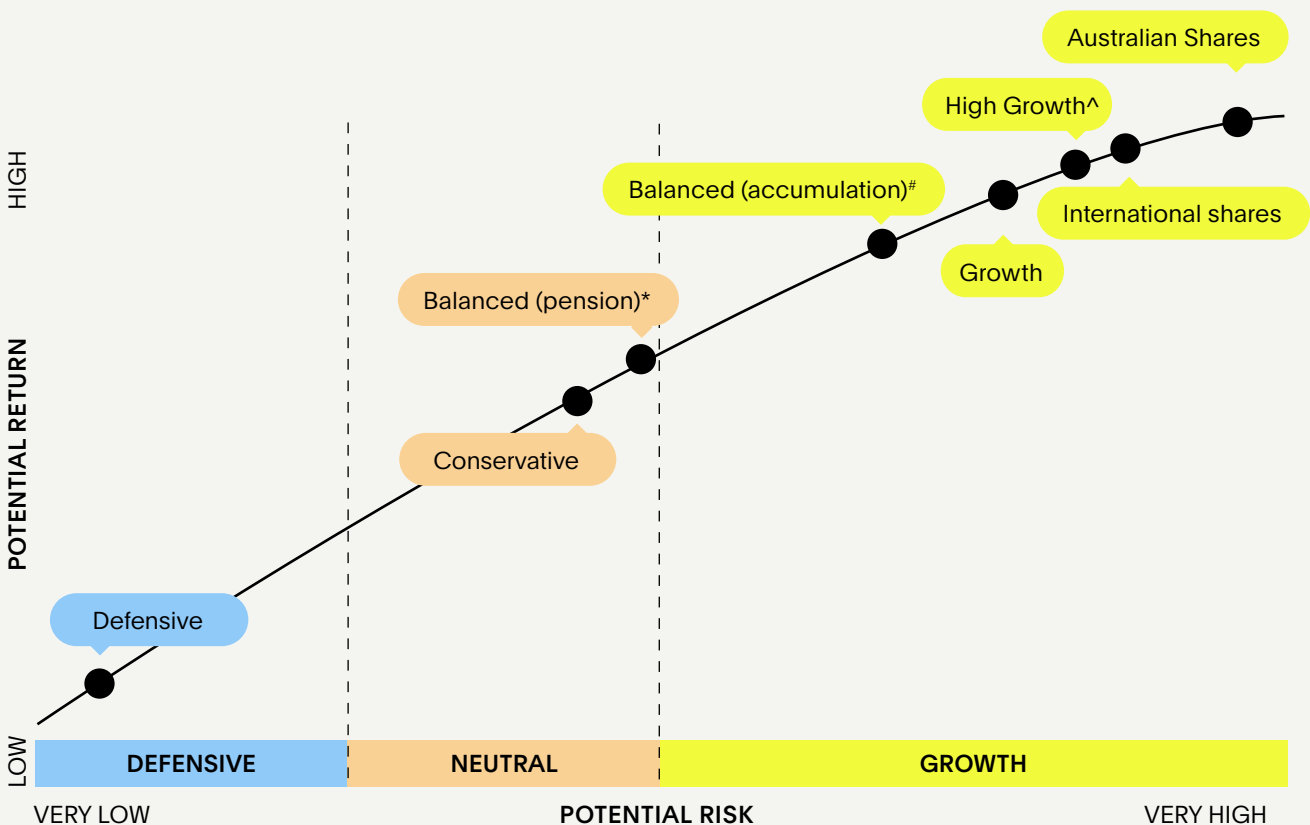
Super, like all investments, carries risks. Different investment options may carry different levels of risk, depending on the assets that make up the option. For instance, assets that expect to deliver the highest long-term returns may also carry the highest level of short-term risk.

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 volatile over the short-term, but tend to offer lower returns than shares over the long-term.

The investment options offered by Australian Ethical Super 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.

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

* This option is not available in the accumulation division

^ This option is not available in the pension division

3 Risks of super

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.
 - 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, performance and portfolio holdings of all the investment options through our website at australianethical.com.au/super/investment-options

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, subject to 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 option's 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.



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 super (accumulation) division.

Defensive Option

Investment objective	The option aims to track the return of the Bloomberg AusBond Bank Bill index before taking into account 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	Interest-Bearing Investments	Cash and Enhanced Cash
	Ranges	90-100%	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. 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 September 2023 and is subject to change.

4 How we invest your money

Conservative option

Investment objective	The option aims to achieve returns 1.25% above inflation after investment fees and taxes over a 10 year period.						
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 15-45%				Defensive 55-85%		
Asset type	Property	Australian & New Zealand Shares [^]	International Shares	Alternatives	Interest-Bearing Investments	Cash and Enhanced Cash	
Ranges	0-20%	0-25%	0-25%	0-20%	35-65%	5-35%	
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.						

* 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 September 2023 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

Investment objective	The option aims to achieve returns 3.25% above inflation after investment fees and taxes over a 10 year period.						
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 55-85%				Defensive 15-45%		
Asset type	Property	Australian & New Zealand Shares [^]	International Shares	Alternatives	Interest-Bearing Investments	Cash and Enhanced Cash	
Ranges	0-20%	15-45%	10-40%	0-20%	5-35%	0-25%	
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.						

* 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 September 2023 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 3.75% above inflation after investment fees and taxes over a 10 year period.						
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 70-100%				Defensive 0-30%		
Asset type	Property	Australian & New Zealand Shares [^]	International Shares	Alternatives	Interest-Bearing Investments	Cash and Enhanced Cash	
Ranges	0-20%	20-50%	15-45%	0-20%	0-25%	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. 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 September 2023 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

High Growth

Investment objective	The option aims to achieve returns 4.25% above inflation after investment fees and taxes over a 10 year period.					
Investors that the option may suit	Members seeking capital growth through long term investments and who have a higher tolerance for risk.					
Recommended minimum investment timeframe	10 years					
Strategic asset allocation*	Growth 75-100%				Defensive 0-25%	
Asset type	Australian & New Zealand Shares [^]	International Shares	Alternatives	Property	Interest-bearing investments	Cash and Enhanced Cash
Ranges	30-60%	20-50%	0-20%	0-20%	0-15%	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. 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 September 2023 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 the MSCI World ex Australia Index (AUD) Net, 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	Cash and Enhanced Cash
	International Shares	
	Ranges	0-20%
	80-100%	
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.	

* 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 September 2023 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 Total Return 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 80-100%	Defensive 0-20%
	Asset type	Asset type
	Australian and New Zealand Shares [^]	Cash and Enhanced Cash
	Ranges	Ranges
	80-100%	0-20%
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 September 2023 and is subject to change. From 1 October 2023 this option may have up to 5% exposure to international shares.

[^] 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 accumulation division. Different fees and costs may apply to investments held in the pension division.

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

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the return on your investment or from the assets of the superannuation entity as a whole.

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

Taxes, insurance fees and other costs relating to insurance are set out in another part of this document.

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

The fees and other costs for each MySuper product offered by the superannuation entity, and each investment option offered by the entity, are set out on page 25.



5 Fees and costs

Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs^{1*}		
Administration fees and costs	Administration fees of: \$68 (\$57.80 net [^]) per annum Plus 0.26% (0.22% net [^]) p.a. of your account balance	Dollar based fees are 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.
Investment fees and costs ²	0.20% (0.17% net [^]) to 1.15% (0.98% net [^]) of assets p.a. depending on the investment option	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.
Transaction costs ³	0.00% to 0.02% of assets p.a. depending on the investment option	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% to 0.15% of assets p.a. 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 0.02% for performance fees. The calculation basis for this amount is set out under "Additional explanation of fees and costs" on page 29.

3 See the "Additional explanation of fees and costs" on page 29 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 and insurance fees may apply. See 'Additional explanation of fees and costs' on page 29.

[^] Net amount is after a tax rebate.

* 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/super/fees

5 Fees and costs

Example of annual fees and costs

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

EXAMPLE – Balanced (accumulation) option: MySuper product		Balance of \$50,000
Administration fees and costs	\$68 p.a. Plus 0.26% p.a.	For every \$50,000 you have in the superannuation product you will be charged or have deducted from your investment \$130 in administration fees and costs, plus \$68 regardless of your balance.
PLUS Investment fees and costs	0.81% p.a.	And , you will be charged or have deducted from your investment \$405 in investment fees and costs.
PLUS Transaction costs	0.00% p.a.	And , you will be charged or have deducted from your investment \$0 in transaction costs.
EQUALS Cost of product		If your balance was \$50,000 at the beginning of the year, then for that year you will be charged fees and costs of \$603 for the superannuation product

Note: Additional fees and costs may apply as further outlined in this section. The information in the table reflects gross amounts, net amounts are after a tax rebate relating to fees and costs. Exit fees and buy/sell spreads do not apply.

5 Fees and costs

Type of fee or cost ¹ ^	Amount [^]	How and when paid
Investment fee	Defensive 0.20% p.a. Conservative 0.55% p.a. Balanced (accumulation) 0.64% p.a. Growth 0.89% p.a. High Growth 0.94% p.a. International Shares 0.89% p.a. Australian Shares 1.15% 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.
Administration fee	\$68 per annum, plus 0.26% [#] of your account balance per annum.	Dollar based fees are 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 ²	Defensive 0.00% Conservative 0.05% Balanced (accumulation) 0.10% Growth 0.10% High Growth 0.05% International Shares 0.05% Australian Shares 0.15%	Applied to the unit price before processing each buy and sell transaction.
Switching fee	Nil [@]	
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 on page 29 for more information.	
Indirect costs [*]	Defensive 0.00%p.a. Conservative 0.13%p.a. Balanced (accumulation) 0.16%p.a. Growth 0.17%p.a. High Growth 0.16%p.a. International Shares 0.00% p.a. Australian Shares 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.

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.

2 The transaction costs incurred in the year to 30 June 2023 were fully recovered by the buy-sell spread except for the Australian Shares and Conservative options where 0.01% was not recovered and the High Growth option where 0.02% was not recovered.

[^] The fees shown are current for the 2023/24 financial year and are subject to change. Further information and definitions of the fees can be found at australianethical.com.au/super/fees

[#] You may also be eligible for discounts if you have a large balance. See Fee discounts on page 28 for further information.

[@] 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.

^{*} The indirect costs are calculated as at 30 June 2023 based on the previous 12 months. These may change from year to year. Investment fees detailed in the Fees and Cost Summary include the Indirect Costs for the relevant Option.

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 on page 24. 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 superannuation product or investment option). You should use this figure to help compare superannuation products and investment options.

Investment Option	Cost of Product ¹	Net cost of product ²
Defensive	\$298	\$253
Conservative	\$548	\$477
Balanced (accumulation)	\$603	\$525
Growth	\$733	\$637
High Growth	\$768	\$668
International Shares	\$643	\$547
Australian Shares	\$778	\$662

1 The cost of product for each investment option assume 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.

2 Net cost of product is after a tax rebate relating to fees and costs.

5 Fees and costs

Defined Fees

Activity Fees	<p>The fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:</p> <ol style="list-style-type: none"> a. that is engaged in at the request, or with the consent, of a member; or b. that relates to a member and is required by law; and <p>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.</p>
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"> a. relate to the administration or operation of the entity; and b. 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"> a. the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by: <ol style="list-style-type: none"> i. a trustee of the entity; or ii. another person acting as an employee of, or under an arrangement with, the trustee of the entity; and b. those costs are not otherwise charged as 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 include:</p> <ol style="list-style-type: none"> a. fees in payment for the exercise of care and expertise in the investment of those assets b. costs incurred by the trustee of the entity that: <ol style="list-style-type: none"> i. relate to the investment of assets of the entity; and ii. 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

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 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	The discount on the 0.26% p.a administration fee 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	
Balance over \$500,000	0.10% per annum	The amount of the discount will be credited to your investment options in accordance with your investment profile.

5 Fees and costs

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:

- Upon your instruction, adviser fees of up to \$8,000 p.a. (including GST) can be deducted from your account. This fee can be deducted as one amount or can be spread out over a 12 month period. 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 option. 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 disclosed below is included in the investment fees and costs of the relevant investment option and will reduce the value of your investment.

Investment Option	Performance Fee
Defensive	0.00%
Conservative	0.01%
Balanced (accumulation)	0.01%
Growth	0.01%
High Growth	0.02%
Australian Shares	0.00%
International Shares	0.00%

Performance fees for an investment manager of an option 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 Fund.

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.

Transaction costs and buy-sell spreads

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.

5 Fees and costs

Investment Option	Gross Transaction Costs
Defensive	0.00%
Conservative	0.06%
Balanced (accumulation)	0.10%
Growth	0.10%
High Growth	0.07%
Australian Shares	0.16%
International Shares	0.05%

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 23. 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.

Indirect costs

The indirect costs are calculated 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

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.

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. A 15% rebate on the percentage based administration and investment fee are credited through the unit price of your investment option/s.

You will see any deductions as a 'tax rebate' on your member annual statement.

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% 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.

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.

6 How super is taxed

Important...

The information is a general guide to how super held in an accumulation 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 super is concessional 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 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.

Tax on contributions

Before-tax (concessional) contributions

Compulsory employer and award contributions and voluntary salary sacrifice contributions and personal contributions for which you claim a tax deduction are required to have tax deducted. We will deduct the applicable tax from your concessional contributions and pay it to the ATO.

The amount of tax you pay depends on the amount of your concessional contributions and how much you earn. High income earners pay additional 'Division 293' tax if their income and certain contributions (referred to as 'income' in the table on the next page) exceeds \$250,000.

The amount of concessional contributions you can make are also subject to the concessional contributions cap. Amounts you contribute above the concessional contributions cap may be subject to additional tax (refer to the table on the next page). The concessional contributions cap for 2023/24 is \$27,500.

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 the 2018/19 financial year. For more information on carrying forward unused concessional contribution amounts see ato.gov.au/Rates/Key-superannuation-rates-and-thresholds



6 How super is taxed

	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 personal assessable income and taxed at your marginal rate plus Medicare Levy. A non-refundable 15% tax offset is available.	Included in your personal assessable income and taxed at your marginal rate plus Medicare Levy. A non-refundable 15% tax offset is available.

Where you have made concessional contributions in excess of your concessional contributions cap, you may elect to release up to 85% of your excess concessional contributions from the Fund. Any excess retained in the Fund will count as a non-concessional contribution (refer below).

After-tax (non-concessional) contributions

These include voluntary personal contributions for which you don't claim a tax deduction, spouse contributions, and excess concessional contributions not released from your super account.

Generally, tax is not deductible by the Fund from after-tax (non-concessional) contributions. However, after-tax contributions are subject to the non-concessional contribution cap.

The non-concessional contributions cap is currently \$110,000 if your total super balance was less than the transfer balance cap (currently \$1.9 million) as at 30 June of the previous financial year. If your total super balance is equal to or greater than that transfer balance cap, your non-concessional contributions cap is nil. If you're under 75, you can potentially bring-forward up to three years of non-concessional contributions (i.e. up to \$330,000), 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 for more details.

If your non-concessional contributions exceed the non-concessional contributions cap for an income year, you can elect to release your non-concessional contributions in excess of your non-concessional contributions cap plus 85% of any associated earnings. Those earnings will be included in your assessable income and subject to tax at your marginal income tax rate. You are entitled to a 15% non-refundable tax offset. Alternatively, you can elect to leave the excess in your super in which case you will be liable to pay tax on the excess contributions at the top rate of income tax plus Medicare levy (currently 47%), and you will be able to release from the Fund an amount equal to that tax liability, which will be paid directly to the ATO.

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.

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. If the proposal is enacted, individuals with total superannuation balances may be subject to an additional 15% of tax on the earnings of the Fund (including on unrealised gains) attributable to the total balance exceeding that threshold. The proposal remains in draft and may change before being enacted.

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 over \$1,705,000 from an untaxed scheme to a taxed scheme in 2023/24.

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

6 How super is taxed

Tax on lump sum withdrawals

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

The table below provides a general summary of the tax applicable to lump sum withdrawals from the Fund. For information on withdrawals as a pension, please refer to the the Pension Additional Information Booklet at australianethical.com.au/super/pds.

Your age at withdrawal	Component	Tax rate*
Under your preservation age	Tax-free component	0%
	Taxable component [^]	The lower of 22% and your marginal tax rate
Between your preservation age and 60	Tax-free component	0%
	Taxable component [^]	0% on benefits up to the low-rate cap [~] 17% on any excess above the low-rate cap [~]
60 or above	All components	0%

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

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

[~] The low-rate cap for 2023/24 is \$235,000 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 without being taxed, provided you satisfy certain conditions.

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
- a child of yours 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.

6 How super is taxed

Beneficiary Type	Component	Tax rate
Dependant	All	0%
	Tax-free	0%
Non-dependant [^]	Taxable (taxed element)	17%
	Taxable (untaxed element)	32%
Estate	All	See note*

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

[^] A higher rate of tax will apply if a non-dependant has not provided their TFN to the Fund.

Death benefits paid as income streams

Death benefits are also able to be paid as an income stream to a dependant if the member requested an income stream before they died but 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 (Cth)*, Australian Ethical Super is authorised to collect, use and disclose your TFN. 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 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:

- the Fund will be able to accept all permitted types of contributions to your account/s
- 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.

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.

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.

DDO introduces targeted and principles-based design and distribution obligations in relation to financial products. The obligations require issuers and distributors to have an adequate product governance framework to ensure products are targeted at the right people.

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/pds-forms/.

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 regardless of whether you have opted in to insurance or not.

Multiple accounts

If you have 2 or more super accounts we may merge them into one account (that being the oldest account) in accordance with our fund rules, unless you advise us otherwise.

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 re-identifying 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: Locked Bag 20013, Melbourne VIC 3001