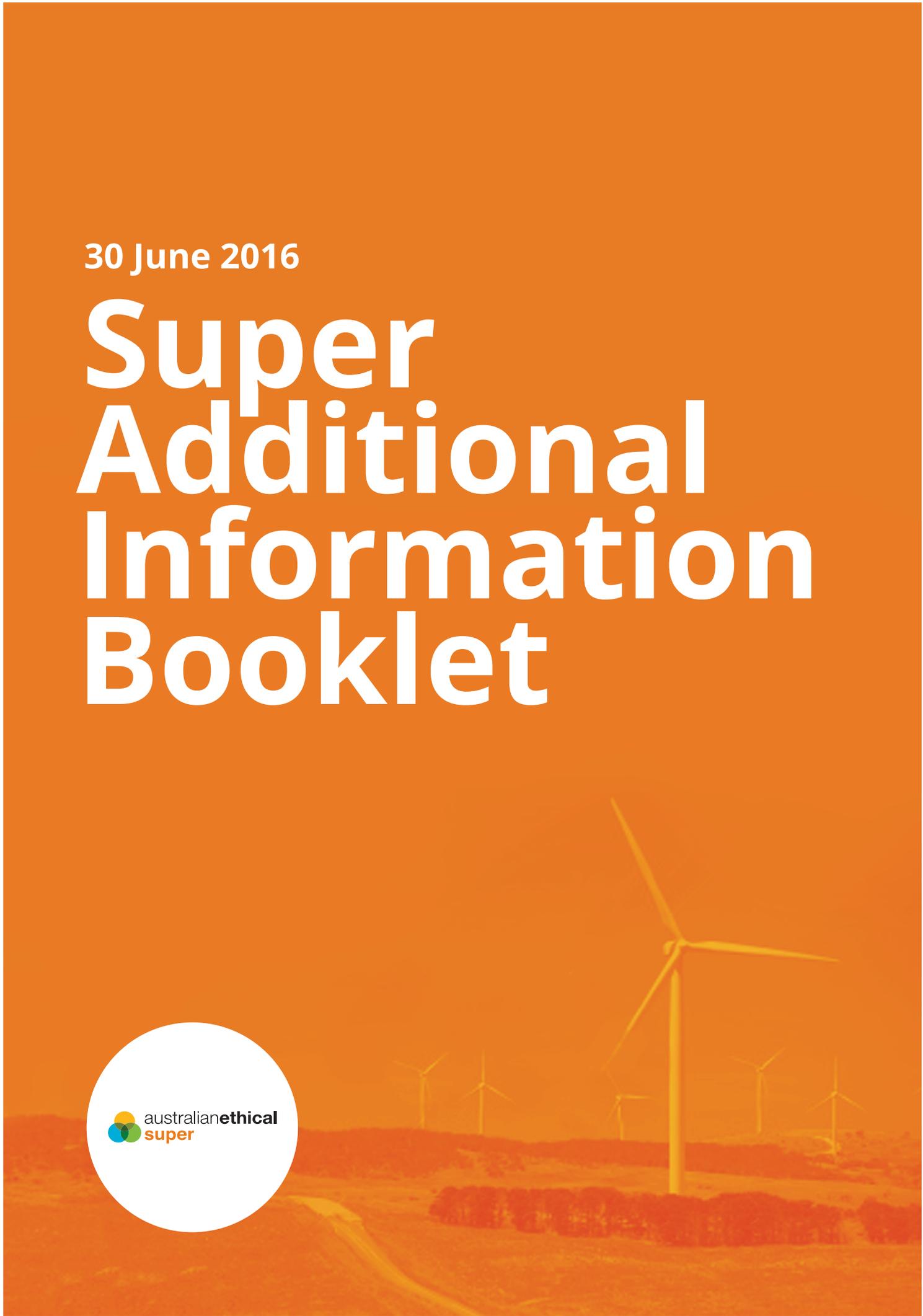


30 June 2016

# Super Additional Information Booklet



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**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.

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The information in this Super Additional Information Booklet (Booklet) forms part of the PDS for the Australian Ethical Retail Superannuation Fund (the Fund) dated 30 June 2016. 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 is available free of charge by downloading it from our website, [australianethical.com.au/super/pds/](http://australianethical.com.au/super/pds/) contacting us on 1300 134 337 or emailing us at [members@australianethical.com.au](mailto:members@australianethical.com.au). The PDS should be considered before deciding whether to acquire, or to continue to hold, interests in the Fund.

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

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

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**Important...**

Interests in the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743) are offered by Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) and issued by the Trustee of the Fund, Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733) USI AET0100AU.

This Booklet should be read in conjunction with the Product Disclosure Statement (PDS) and the Insurance Guide for Australian Ethical Super. Information in this Booklet and the PDS is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice that is tailored to suit your personal circumstances.

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**Important...**

The PDS may be updated or replaced from time to time. The most recent copy of the PDS will always be available from our website.

**Contact us**

**Phone:** 1300 134 337

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

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

**Post:** Australian Ethical Super

Locked Bag 5125, Parramatta NSW 2124

**Join online:** [australianethical.com.au/join-now](http://australianethical.com.au/join-now)



# Contents

<b>1 About Australian Ethical Super</b>	<b>4</b>
<b>2 How super works</b>	<b>5</b>
The accounts available and who can contribute	5
Before-tax (concessional) contributions	5
Employer contributions	5
Salary sacrifice	5
Self-employed contributions	6
After-tax (non-concessional) contributions	6
Personal contributions	6
Spouse contributions	6
Government contributions	6
Low income super contribution	7
How to contribute	7
Combine your super	8
Choice of super	8
Contribution splitting	8
Account valuation	8
Withdrawing your super	9
What will happen to your benefits if you die?	10
Other information	10
<b>3 Benefits of investing with Australian Ethical Super</b>	<b>12</b>
Ethical investment	12
Keeping you informed	12
<b>4 Risks of super</b>	<b>14</b>
<b>5 How we invest your money</b>	<b>15</b>
Labour standards, environmental, social and ethical issues	15
Investment options	16
<b>6 Fees and costs</b>	<b>23</b>
Fee discounts	24
Adviser fees and commissions	25
Insurance charges	25
<b>7 How super is taxed</b>	<b>26</b>
Tax on contributions	26
Taxation of fund earnings	27
Tax on rollovers	27
Tax on withdrawals	27
Tax on death and terminal illness benefits	28
Tax on disability withdrawals	28
<b>8 How to open an account</b>	<b>29</b>
Cooling off	29
Enquiries and complaints	29

# 1

## About Australian Ethical Super

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

Since pioneering ethical investment in Australia in 1986, Australian Ethical has grown to manage investments and superannuation on behalf of over 25,000 investors.

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

### Ethical investment is our only business

We are focused on maintaining our position of leadership amongst ethical and responsible funds. To that end, we are a signatory to the United Nations' Principles for Responsible Investment and our funds have been certified by the Responsible Investment Association Australasia (RIAA) according to the strict disclosure practices required under the Responsible Investment Certification Program<sup>1</sup>.

The Fund is a full feature super fund including a range of investment options and insurance; additionally it invests with a forward-looking and ethical focus.

We believe investments that are socially and environmentally positive will achieve competitive long-term returns. The significant sums of money Australians have invested in super means it can also have a positive influence on corporate Australia and the world.

### MySuper

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

### Further information

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

A Product Dashboard for our MySuper product, the Balanced (accumulation) investment option, is provided at [australianethical.com.au/super/product-dashboards](http://australianethical.com.au/super/product-dashboards). The Product Dashboard contains information on the product's return target, historical performance, level of investment risk and fees and costs.



<sup>1</sup> The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Super is a tax effective way to save for your retirement. For many Australians, super will be their main source of retirement income. The Government provides tax concessions and other benefits which generally make super one of the best long term investment products.

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

## The accounts available and who can contribute

Australian Ethical Super offers two types of accounts:

- Accumulation – this account gathers and builds your savings. Benefits are usually paid out as a lump sum or transferred to a pension account on retirement. Insurance is available in an accumulation account. This Booklet provides information for people in the accumulation phase of superannuation.
- Account based pension – this account 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.

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

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

## Contributions to super

### Before-tax (concessional) contributions

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

Before-tax contributions are generally taxed at 15%; however they may be subject to a higher tax rate if you exceed your concessional contribution cap.

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

### Employer contributions

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

Your employer must contribute at least the minimum Superannuation Guarantee to your super fund up to the maximum contribution base. For 2016/2017, the rate of the Superannuation Guarantee is 9.5% of your salary.

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

### Salary sacrifice

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

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

You should speak to your employer to find out if they support salary sacrifice arrangements.

### Self-employed contributions

If you are self-employed, you may be able to claim a tax deduction on the personal contributions you make to super.

By submitting a *Notice of intention to claim a deduction for personal super contributions* (available at [ato.gov.au/super](http://ato.gov.au/super)) to the Fund, you can have some or all of your after-tax contributions treated as before-tax contributions.

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

We recommend you seek professional tax advice if you are considering making self-employed contributions.

## 2 How super works cont...

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

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

After-tax contributions are generally tax-free; however they may be subject to a higher rate of tax if you exceed your non-concessional contribution cap.

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

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

Age of member in years	Personal contributions	Spouse contributions
Less than 65	Accepted	Accepted
65 but less than 70	Accepted provided the person is gainfully employed on at least a part time basis	Accepted provided the person is gainfully employed on at least a part time basis
70 but less than 75	Accepted provided the person is gainfully employed on at least a part time basis	Cannot be accepted
75 or older	Cannot be accepted	Cannot be accepted

A person is gainfully employed on at least a part-time basis for a financial year if they:

- are employed or self-employed for gain or reward during the financial year; and
- have worked at least 40 hours in a period of not more than 30 consecutive days in that financial year.

### Personal contributions

Contributions that you make to super from your after-tax salary are known as personal contributions. By making a personal contribution, you can take advantage of the tax concessions given to investments held in super and you may be eligible for a Government co-contribution.

We are unable to accept any personal contributions you wish to make to super if you have not provided your tax file number to the Fund. Further information on tax on contributions is provided in section 7 of this Booklet.

### Spouse contributions

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

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

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

### 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 p.a. 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.

For the 2016/17 financial year, the lower threshold is \$36,021 p.a. and the higher threshold is \$51,021 p.a.

### Low income super contribution

If you earn less than \$37,000 p.a. you may be eligible to receive the Low Income Super Contribution (LISC) from the Government.

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

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

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

## How to contribute

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

It is important you tell us how to allocate every contribution you make to the Fund. Without remittance advice 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	SG contribution Salary sacrifice	<p>The Biller Code for before-tax contributions is 909978.</p> <p>Your employer will receive a BPAY customer reference number when they first register with the Fund.</p> <p>Employer contributions should be lodged online by your employer, or your employer can complete the Ongoing Employer Contribution form available from our website.</p>
	Personal contribution Spouse contribution	<p>The Biller Codes for after-tax contributions are:</p> <p>Personal contribution – 909986 Spouse contribution – 909994</p> <p>BPAY payments should be lodged using your unique customer reference number included in your welcome letter.</p> <p>You can advise us of a BPAY payment you have made through the secure member website. Alternatively, complete the Contribution form available from our website.</p>
Direct Debit	SG contribution Salary sacrifice	Your employer can arrange to make contributions by direct debit by completing the Ongoing Employer Contribution form available from our website. A separate direct debit instruction is required for each deduction.
	Personal contribution	You can arrange for us to debit your bank account to make a personal contribution monthly or quarterly. To make a direct debit arrangement, complete the Contribution form available from our website.
Cheque	All contribution types	If you wish to contribute by cheque, attach your cheque payment to your completed Contribution form (available from our website). We can only accept cheques issued by Australian financial institutions. Cheques should be made out to 'Australian Ethical Retail Superannuation Fund'.

## 2 How super works cont...

**Important...** You can keep up-to-date with the unit prices, performance and portfolio holdings of all the investment options through our website or by contacting us.

### Combine your superannuation

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.

Our Find My Super search is a free service we offer where we find your other super (by searching for your TFN on the ATO's SuperMatch service) and post you pre-filled forms for transferring those accounts to your Australian Ethical Super account. You may also choose to use our Automatic Rollover Service where we will automatically combine all your other super accounts that were found using the ATO's SuperMatch service to your Australian Ethical Super account.

Alternatively, you can also combine your super into your Australian Ethical Super account by requesting a rollover in the secure member website or by completing the Rollover Form available on our website.

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

### Choice of superannuation fund

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

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

### Contribution splitting

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

Only concessional contributions (i.e. Superannuation Guarantee contributions, salary sacrifice contributions and contributions made by the self-employed) made during the previous financial year are eligible for contribution splitting. You can split the lesser of 85% of your concessional contributions for the financial year, or the concessional contributions cap for the financial year.

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

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

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

### Account valuation

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

Each investment option within the Fund is unitised. Valuation normally occurs weekly and this determines the value of each member's account. The value of your account is affected by changes in the value of the Fund's assets and liabilities, 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.

There may be special circumstances when the Fund is valued less frequently, such as during the end of financial year period to allow for auditing. The Fund must be valued at least monthly.

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.

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

Once an investment option is valued, a price is determined for interests (or units) in that investment option. That price is used when contributions or withdrawals are made in order to determine the number of interests to be issued or redeemed. When processing contributions or withdrawals, the price used will be the last available price calculated prior to the contribution or withdrawal request being received.

An instruction to switch investments between investment options will be allocated on a forward pricing basis, and will be held for processing until the next unit price is available. This is to prevent members of the Fund taking advantage of market movements to the detriment of other members.

## Withdrawing your super

Superannuation 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 superannuation savings are called 'preserved benefits' and the age at which you can gain access to them is called your 'preservation age'.

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 below;
- if you have a terminal illness\*;
- if you become permanently incapacitated<sup>^</sup>;
- 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 Australian Government Department of Human Services);
- if you are a temporary resident who has permanently left Australia; or
- where we receive a voluntary release authority from you to pay tax on excess concessional contributions.

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

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 benefits on your annual member benefit statement.

### 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 superannuation 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.

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

Further information is provided on our Withdrawal Form available from our website.

Payments out of the Fund to you will only be made by electronic funds transfer to an Australian financial institution. No cheque payments will be made.

\* Terminal illness is defined as an illness or injury that two registered medical practitioners have certified, jointly or separately, that you suffer from; that is likely to result in your death within a period (the certification period) that ends not more than 24 months after the date of the certification; and at least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by you.

<sup>^</sup> Permanent incapacity means your ill health (whether physical or mental) makes it unlikely that you will engage in gainful employment for which you are reasonably qualified by education, training or experience.

## 2 How super works cont...

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

#### Death and investment options

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

Death benefits received under the Fund's group insurance policy in respect of your account 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, so we suggest that you 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.

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 nomination, 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.

A 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 in deciding how to pay your benefit. The Binding Death Benefit Nomination form is available at [australianethical.com.au/super/forms](http://australianethical.com.au/super/forms) or by calling us on **1300 134 337**.

### Other information

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

You will be *uncontactable* if at least two written communications sent by the Fund to your last known address are returned unclaimed and you have not made a contribution or rollover to the Fund in the past 12 months.

You will become an *inactive* member if you joined the Fund through your employer more than two years prior, you have not contributed to the Fund for five years and we haven't recently heard from you.

#### Lost members

If you are a lost member and your account balance is less than \$4,000, we will be required to transfer your account to the Australian Taxation Office (ATO).

Transferring your account to the ATO may affect your benefit because you will cease to be a member of the Fund and any insurance cover you hold through the Fund will cease. It's important you tell us when your address changes to avoid having your benefits sent to the ATO.

#### Eligible Rollover Fund

Lost members with a balance over \$4,000 may be transferred to an eligible rollover fund.

An eligible rollover fund is a fund established under superannuation law to accept benefits of members from other funds in certain circumstances. We have chosen the Australian Eligible Rollover Fund as our eligible rollover fund.

You may be transferred to our eligible rollover fund:

- if you have a balance of more than \$4,000 and where you have been a lost member for a period of five years or more; or
- if you have a balance of less than \$4,000 and no contribution has been received from you or on your behalf for a period of two years.

We will attempt to contact you before you are transferred to our eligible rollover fund.

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Being transferred to an eligible rollover fund may affect your benefit because you will cease to be a member of Australian Ethical Super.

If you hold insurance cover through the Fund, this insurance will cease. A member transferred to the eligible rollover fund will be subject to the governing rules of that fund and a different fee structure and investment strategy will apply.

If your benefit is transferred you may require the following contact details:

**Australian Eligible Rollover Fund**  
Locked Bag 5429  
Parramatta NSW 2124

Phone: 1800 677 424

### **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 able to apply for and be paid your benefit from the Fund.

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

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

### **Superannuation and family law**

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

Australian Ethical Super may be required to split your superannuation benefits with your spouse or former spouse if ordered by a court order or an agreement.

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

# 3

## Benefits of investing with Australian Ethical Super

### Ethical investment

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

However, ethics alone are not enough. To benefit our members, investments made by Australian Ethical must have solid investment prospects with the expectation of generating competitive returns. Our team of ethical and investment analysts work together to provide our members with an ethical portfolio that will generate competitive returns over the long term.

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

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

### Keeping you informed

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

### Secure online access

The easiest way to keep track of your super is through our secure member website. 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; and
- view your insurance cover and apply for additional cover.

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.

If you are an employer, you can use the online access system to make contributions on behalf of your employees, update your employees' details and advise us of a change in an employee's employment status. To register, all you need to do is contact us and we can help you set up your online access.

### Member statements

Every six months, as long as we have your current contact information, you will receive a half-yearly or annual member benefit statement showing the activity in your account – earnings, contributions and withdrawals, switches and any other transactions – together with current account values and your investment option selections.

If you have provided an email address to us, your member benefit statement will be provided via email. You can request a printed version by calling us on 1300 134 337.

### Annual report

An annual financial 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 over the year. The report is available at [australianethical.com.au/super/reports](http://australianethical.com.au/super/reports) or by calling us on 1300 134 337.

### Member newsletter

Members will receive Australian Ethical's newsletter, Good Money. The newsletter covers ethical investment issues, details of specific investments and performance results.

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

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

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

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

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

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

# 4

## Risks of super

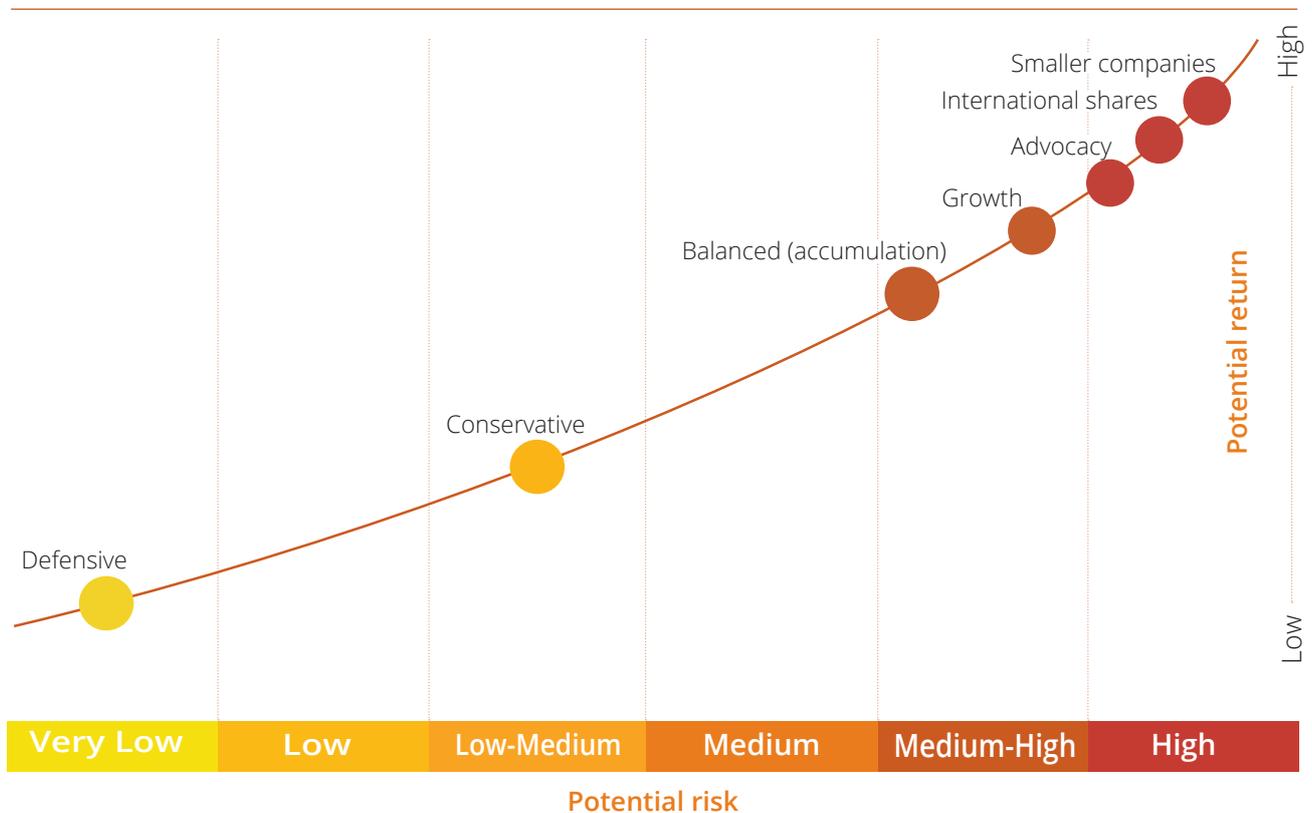
Super, like all investments, carries risks.

Australian Ethical Super 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 likely to fall in value over the short term, but tend to offer lower returns than shares over the long term.

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



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.

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; and
- superannuation laws may change in the future.

# How we invest your money

# 5

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.

## Labour standards, environmental, social and ethical issues

All of Australian Ethical's investment decisions are aligned with our Charter. The Charter addresses labour standards, environmental and social considerations. It also sets out the types of activities we seek to support, and the types of activities we seek to avoid. We believe our process of ethical analysis is the most rigorous in Australia.

All investments are continually monitored. If a company we invest in diversifies into an excluded industry or engages in unacceptable practices, a review is performed which may involve engagement with the company to address the issues. If the investment is no longer appropriate it will be sold.

## Investment options

### Hedging

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

## Standard Risk Measure

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

The Standard Risk Measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than you may require to meet your objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

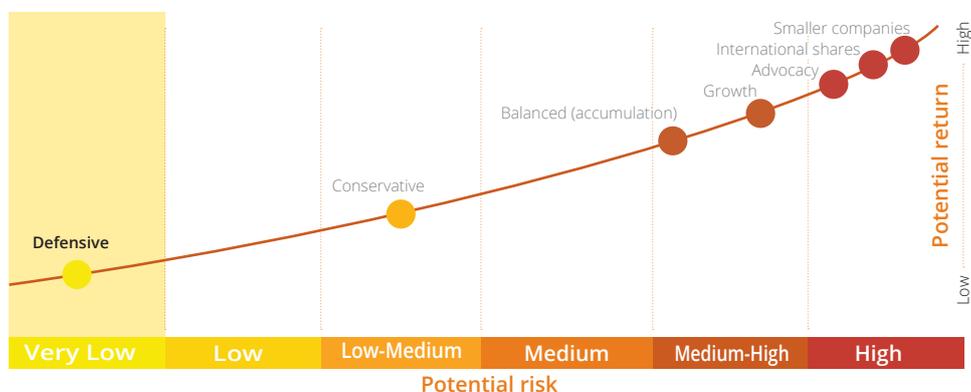
You should still ensure you are comfortable with the risks and potential losses associated with your chosen investment option(s).

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

## Your choice of investment options

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

### Defensive option



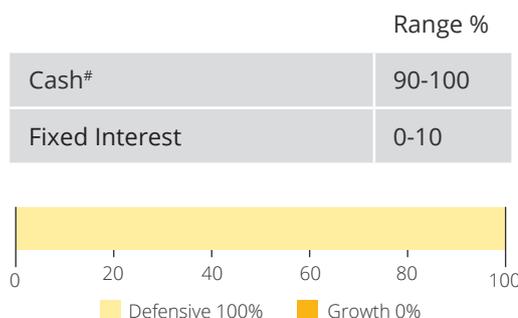
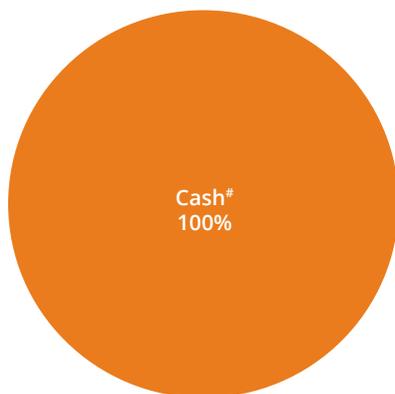
This chart represents the potential risk and return characteristics of our super investment options. It is not a forecast of actual risk or returns. The scale is indicative only.

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

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

**Recommended minimum investment timeframe** 1 year

#### Strategic asset allocation\*



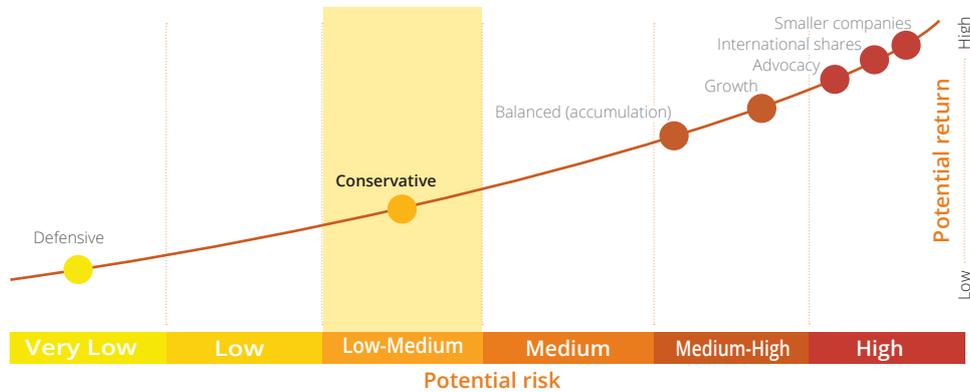
**Risk level** Very low

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

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

# Cash investments include short-dated fixed interest investments (duration less than 1 year) and floating rate securities.

## Conservative option



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.

### Investment objective

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

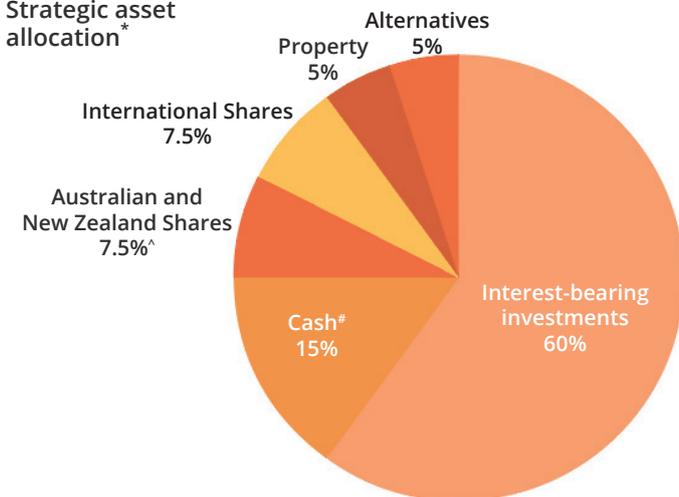
### Investors that the option may suit

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

### Recommended minimum investment timeframe

3 years

### Strategic asset allocation\*



	Range %
Cash#	0-30
Interest-bearing investments	20-80
Property	0-15
Australian and New Zealand Shares^	0-20
International Shares	0-20
Alternatives	0-15

0 20 40 60 80 100  
 Defensive 75%  Growth 25%

### Risk level

Low to medium

### Performance and portfolio information

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

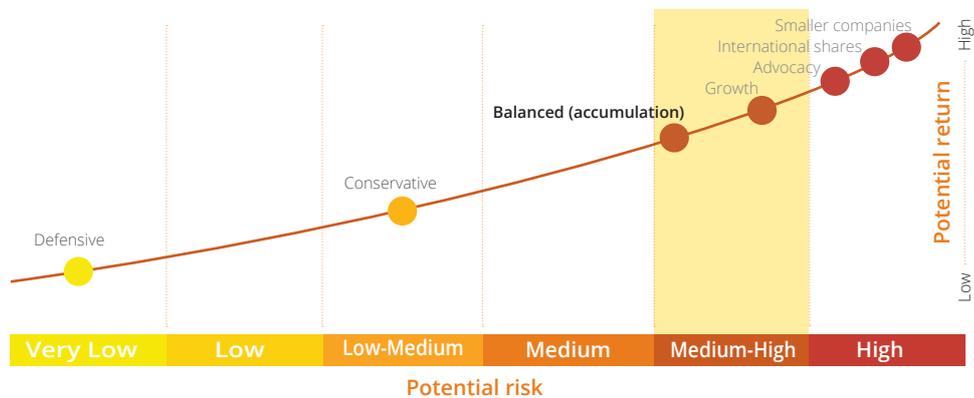
\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

^ No more than 20% of the Super Fund's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

# Cash investments include short-dated fixed interest investments (duration less than 1-year) and floating rate securities.

# 5 How we invest your money *cont...*

## Balanced (accumulation) option®



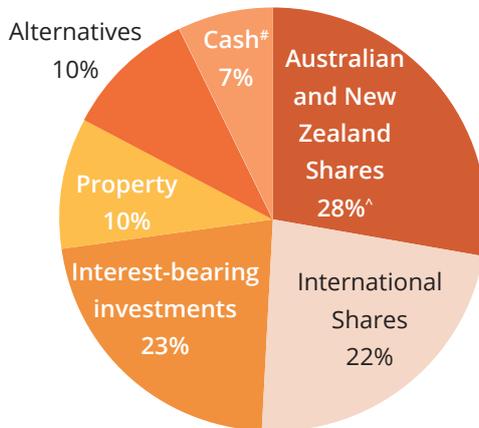
This chart represents the potential risk and return characteristics of our super investment options. It is not a forecast of actual risk or returns. The scale is indicative only.

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

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

**Recommended minimum investment timeframe** 5 years

### Strategic asset allocation\*



	Range %
Cash#	0-20
Interest-bearing investments	0-30
Property	0-20
Australian and New Zealand Shares^	10-50
International Shares	5-40
Alternatives	0-20

0 20 40 60 80 100  
■ Defensive 30% ■ Growth 70%

**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.

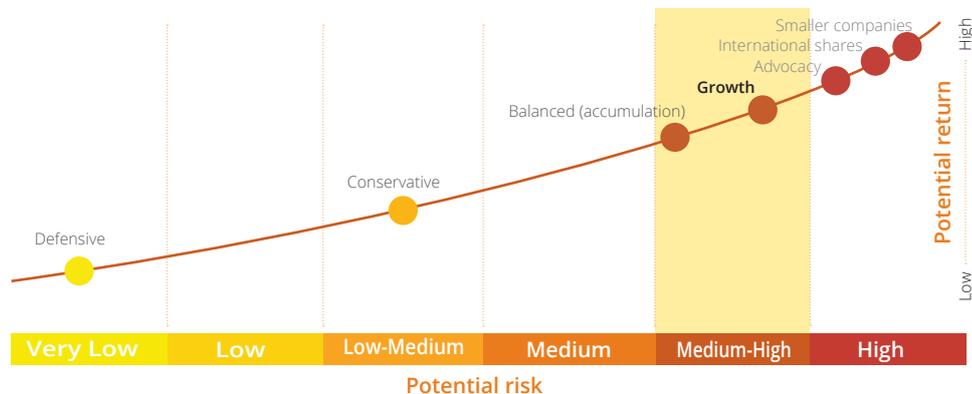
® The Balanced (accumulation) option is an authorised MySuper product.

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

^ No more than 20% of the Super Fund's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

# Cash investments include short-dated fixed interest investments (duration less than 1-year) and floating rate securities.

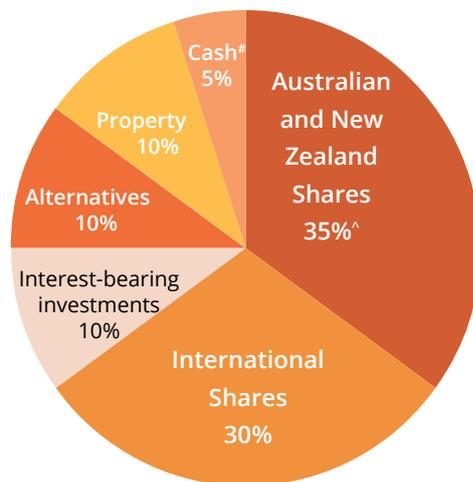
## Growth option



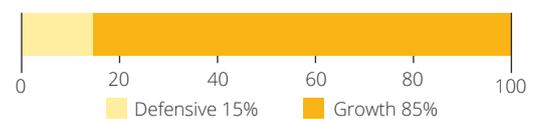
This chart represents the potential risk and return characteristics of our super investment options. It is not a forecast of actual risk or returns. The scale is indicative only.

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

### Strategic asset allocation\*



	Range %
Cash#	0-20
Interest-bearing investments	0-25
Property	0-20
Australian and New Zealand Shares^	15-55
International Shares	10-50
Alternatives	0-20



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

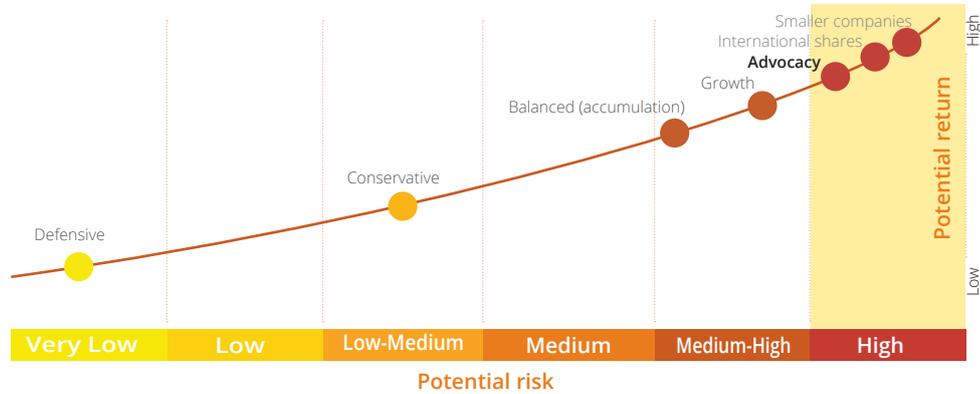
\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

^ No more than 20% of the Super Fund's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

# Cash investments include short-dated fixed interest investments (duration less than 1-year) and floating rate securities.

# 5 How we invest your money *cont...*

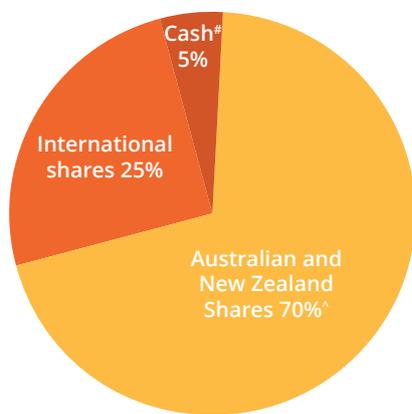
## Advocacy option



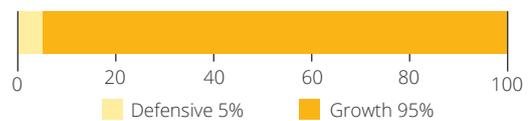
This chart represents the potential risk and return characteristics of our super investment options. It is not a forecast of actual risk or returns. The scale is indicative only.

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

### Strategic asset allocation\*



	Range %
Cash#	0-15
Australian and New Zealand Shares^	55-85
International Shares	10-40



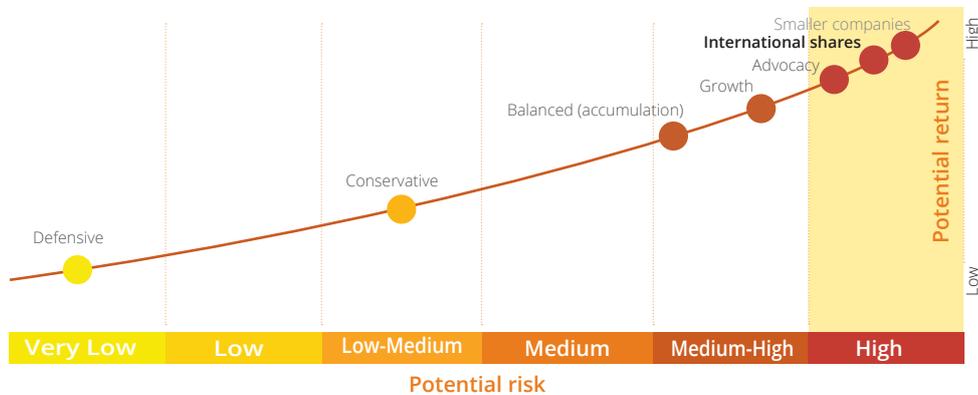
<b>Risk level</b>	High
<b>Performance and portfolio information</b>	We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and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

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

^ No more than 20% of the Super Fund's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

# Cash investments include short-dated fixed interest investments (duration less than 1-year) and floating rate securities.

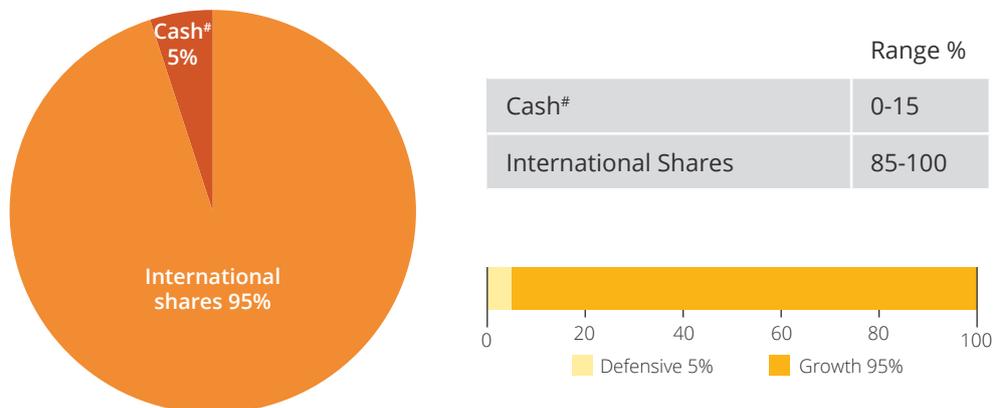
## International shares option



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.

<b>Investment objective</b>	To provide long-term growth accompanied by high levels of risk through investment in overseas companies.
<b>Investors that the option may suit</b>	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.
<b>Recommended minimum investment timeframe</b>	7 years

### Strategic asset allocation\*



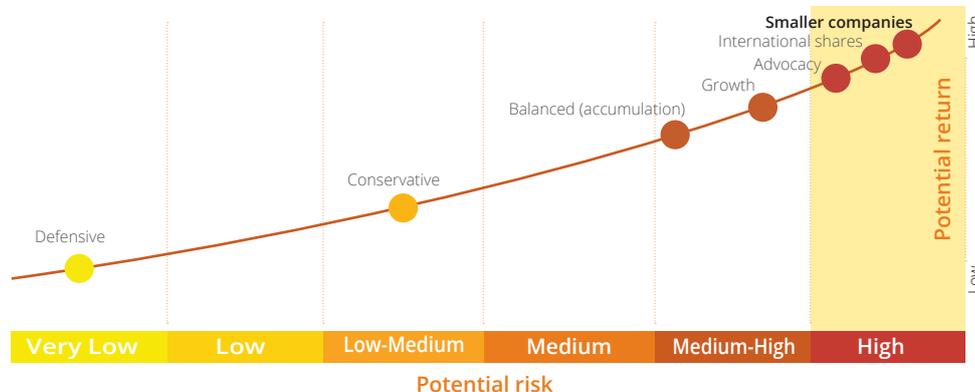
<b>Risk level</b>	High
<b>Performance and portfolio information</b>	We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option's unit price, performance and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

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

# Cash investments include short-dated fixed interest investments (duration less than 1-year) and floating rate securities.

# 5 How we invest your money *cont...*

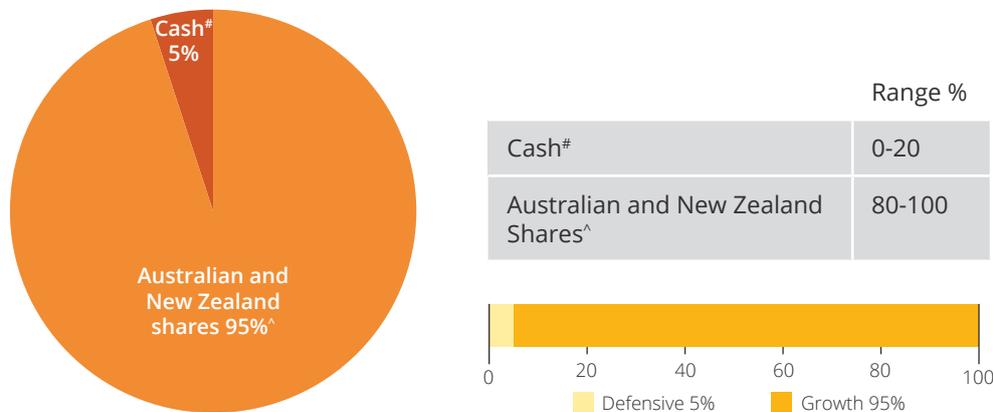
## Smaller companies option



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.

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

### Strategic asset allocation\*



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

\* The asset allocation shown is a strategic asset allocation and the actual allocation may vary within the range due to market movements, investments into or withdrawals from the option, or changes in the nature of the investment. This information is current as at 30 June 2016 and is subject to change.

^ No more than 20% of the Super Fund's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

# Cash investments include short-dated fixed interest investments (duration less than 1-year) and floating rate securities.

# Fees and costs

# 6

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

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

Type of fee or cost <sup>^</sup>	Amount <sup>^</sup>	How and when paid
<b>Investment fee</b>	Defensive 0.50% p.a. Conservative 0.65% p.a. Balanced (accumulation) 0.72% p.a. Growth 1.20% p.a. Advocacy 1.30% p.a. International Shares 1.40% p.a. Smaller Companies 1.25% p.a.	Investment fees are paid from the Fund's assets prior to unit prices being calculated. The investment fee you pay will depend on the investment options you are invested in.
<b>Administration fee</b>	\$97* per annum, plus 0.41%# of your account balance per annum.	Dollar based fees are deducted from your account monthly. Percentage administration fees are paid from the Fund's assets prior to unit prices being calculated.
<b>Buy-sell spread</b>	Defensive 0.00% Conservative 0.05% Balanced (accumulation) 0.15% Growth 0.15% Advocacy 0.15% International Shares 0.20% Smaller Companies 0.15%	Applied to the unit price before processing each buy and sell transaction.
<b>Switching fee</b>	Nil	
<b>Exit fee</b>	\$50	Deducted from your account balance at the time of withdrawing either a full or partial benefit from your account.
<b>Advice fees</b>	Nil	Additional fees may be payable if a financial adviser is consulted.
<b>Other fees and costs</b>	Nil	

<sup>^</sup> The fees shown are current for the 2016/17 financial year and are subject to change. Further information and definitions of the fees can be found at [australianethical.com.au/super/fees/](http://australianethical.com.au/super/fees/)

\* Your employer may be able to negotiate to pay lower administration fees. See Fee discounts on the next page for further information.

# You may also be eligible for discounts if you have a large balance or are a member of an association. See Fee discounts on the next page for further information.

## 6 Fees and costs cont...

Other fees, such as activity fees, advice fees for personal advice and insurance fees may also be charged. These fees will depend on the nature of the activity, advice or insurance chosen by you. Further information on the types and definitions of the fees that may be charged is provided on our website [australianethical.com.au/super/fees/](http://australianethical.com.au/super/fees/)

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

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

### 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. For all other investment options the following fee discounts are provided:

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

Members are 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.

### Ability to negotiate fees

In accordance with MySuper legislation, members are not able to negotiate fee discounts for monies 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 fees and commissions

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

#### Adviser service fee – ongoing

- Upon your instruction, up to 1.1% per annum of your account balance may be paid to your adviser. For example, on a \$50,000 investment, at 1.1% per annum, this would amount to \$550 for the year.
- Upon your instruction, up to \$1,100 per month may be paid to your adviser from your account balance.

#### Adviser service fee – single fee

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

Adviser service fees (whether single or ongoing) are agreed through negotiation between you and your adviser. Fees paid to your adviser are in addition to our management fees. Adviser service fees are calculated and deducted from your account at the end of each month and paid to your adviser quarterly in arrears. Where adviser service fees are ongoing, we will continue to pay your adviser quarterly until you instruct us otherwise.

For dollar based fees, if there are insufficient funds in your account on the deduction date, the adviser service fee will be deducted at the end of the month when sufficient funds are first available to pay the full amount of the fee.

### Adviser commissions

Under some arrangements between members and their advisers made prior to 30 June 2012, adviser commissions may be paid when additional contributions are made by members to the Fund. For new members after 30 June 2012, there is no contribution fee and therefore, no adviser commission. Commissions are not payable on investments into the Balanced (accumulation) option.

### Transaction costs and buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred in relation to the sale and purchase of assets of the Fund. Transaction costs are taxes, duties and other costs (such as brokerage). Buy-sell spreads are used to improve equity for members as they come and go from the Fund.

The buy-sell spread is an adjustment to the unit price so that there is a difference between the entry and exit price. It is an additional cost to you and is incurred when you invest, switch or withdraw. 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.

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.

### Insurance charges

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

### Family law fees

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

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

### 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 and maximum allowable fees

The Trust Deed sets out the maximum amounts that we may charge. In the future we may vary the fees payable on your account. We will provide notice of fee changes at least 30 days prior to any changes taking effect.

# 7

## How super is taxed

**Important...** The information is a guide to how super is taxed and is based on tax laws that were current as at the date of the PDS. This information is not a substitute for professional advice. Further information is available from the Australian Taxation Office. 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 the document was prepared. Rates may change in the future, and you should consider seeking professional tax advice that is tailored to your personal circumstances before making a decision.

### Tax on contributions

#### Before-tax (concessional) contributions

These contributions are part of the assessable income of the Fund and are subject to tax. We will deduct the applicable contributions tax and pay it to the Australian Taxation Office (ATO).

The amount of tax you pay depends on the amount of your before-tax contributions, your age and how much you earn.

Before-tax contributions are subject to the concessional contribution cap. Amounts you contribute above the cap will be subject to additional tax. The concessional contribution cap for 2016-2017 is \$30,000; however if you are aged 49 or over, your concessional contribution cap is \$35,000.

Your age	Concessional contribution cap
Aged under 49	\$30,000 p.a.
Aged 49 or over	\$35,000 p.a.

The cap may change in the future and you should refer to the ATO's website to confirm the cap that applies to you.

High income earners pay a higher rate of contribution tax on before-tax contributions.

	Your assessable income is less than \$300,000 per annum	Your assessable income is \$300,000 or more per annum
Amounts up to your concessional contributions cap	15% on all contributions	30% on all contributions
Amounts over your concessional contributions cap	Included in your assessable income and taxed at your marginal rate plus Medicare Levy and Budget Repair Levy	Included in your assessable income and taxed at your marginal rate plus Medicare Levy and Budget Repair Levy

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

Generally, contributions tax is not payable by the Fund on after-tax contributions. However, after-tax contributions are subject to the non-concessional contribution cap and may attract additional tax.

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

Your age	Non-concessional contribution cap*
Aged under 65	\$180,000 p.a. or \$540,000 over three consecutive years
Aged 65 or over	\$180,000 p.a.

If you are under 65 at any time during the financial year the non-concessional cap is \$540,000\* over three years. This allows, for example, an after-tax contribution of \$350,000 in one year but only a maximum of \$190,000 over the next two years.

Alternatively, if contributions of \$540,000\* are contributed in one financial year, no further contributions can be made in the next two years.

The 2016/17 Federal Budget proposed a number of changes to superannuation, including a lifetime cap of \$500,000 on non-concessional contributions to apply from 2 May 2016. It is not clear at the date of this PDS if these changes will be legislated; however they may affect your superannuation.

There are two exemptions to the non-concessional cap. These are:

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

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

### Taxation of fund earnings

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

### Tax on rollovers

Generally, a benefit rolled over to the Fund from another Australian superannuation fund will not be taxed at the time of the rollover. The exception is when the rollover contains an untaxed component, in which case that component will be taxed at 15%. A higher rate of tax also applies to transfers over \$1,415,000 from an untaxed scheme to a taxed scheme in 2016/2017.

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

### Tax on withdrawals

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

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

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

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

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

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

<sup>~</sup> The low-rate cap for 2016/2017 is \$195,000 and is indexed in line with AWOTE. This is a lifetime limit and applies to all Australian superannuation funds.

### Tax for temporary residents

Lump sum payments made to temporary residents that have departed Australia permanently (DASP) will be subject to a higher rate of tax.

Component	Tax rate
Tax free	0%
Taxable (taxed)	35% + Budget Repair Levy
Taxable (untaxed)	45% + Budget Repair Levy

# 7 How super is taxed *cont...*

## Tax on death and terminal illness benefits

### Death benefits paid as a lump sum

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

A dependant is:

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

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

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

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

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.

Lump sum death benefits paid to a spouse, a child of any age (or an estate where the ultimate beneficiary will be a spouse or child) are eligible for an additional payment, known as an anti-detriment amount. An anti-detriment payment is an additional amount intended to compensate the deceased member's death benefit to what it would have been if contributions tax had not been paid on taxable contributions. If we decide to make this payment, the anti-detriment amount will be added to the death benefit payment. Anti-detriment payments are not applicable to death benefits paid as an income stream or terminal illness benefits.

### Death benefits paid as income streams

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

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

### 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 footnote on page 9 of this Booklet.

### 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 tax file number (TFN), although we strongly recommend it.

The Superannuation Industry (Supervision) Act 1993 allows us to collect your TFN for specified purposes. At present, your TFN is used for calculating tax on benefit payments, providing information to the ATO, transferring or rolling over your benefits to another superannuation fund and for identifying or finding your superannuation benefits. These purposes may change in the future if the law changes.

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

**Employers please note:** If your employee completes a tax file number 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.

### 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.

# How to open an account

# 8

## 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 14-day period starts on the earlier of either when you receive confirmation that you are invested or five business days after units are issued to you.

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.

## Enquiries and complaints

We welcome your enquiries and comments.

If you have an enquiry or complaint please phone 1300 134 337 or email us at [members@australianethical.com.au](mailto:members@australianethical.com.au)

We aim to resolve your concerns at the time of your call. If this is not possible we will respond to any complaint within five working days, and seek a resolution of the complaint as soon as possible, certainly within 90 days.

If you are not satisfied with our handling of your complaint or our decision, you may contact the Superannuation Complaints Tribunal. The Tribunal is an independent body established by the Government to assist members and beneficiaries to resolve certain types of complaints with fund trustees.

The Tribunal may be able to assist you to resolve your complaint. If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, phone the Tribunal on 1300 884 114 or by email at [info@sct.gov.au](mailto:info@sct.gov.au)

## We respect your privacy

Protecting your personal information is important to us. Please read our Privacy Policy and our Privacy Collection Notice which outline the type of information we collect about you and how we will use and store that information, and are available on our website:

[australianethical.com.au/privacy-policy](http://australianethical.com.au/privacy-policy) and  
[australianethical.com.au/super/forms/](http://australianethical.com.au/super/forms/)



**Contact us**

**Phone:** 1300 134 337

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

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

**Address:** Locked Bag 5125, Parramatta NSW 2124