



Term deposits

Term deposits suit investors seeking stable investment returns and certainty of income. They can help reduce overall volatility when included in a diversified portfolio.

What are the benefits?

Term deposits offer:

- stable investment returns
- a set interest rate for the life of investment
- no investment management or brokerage fees
- competitive interest rates

How do term deposits work?

Term deposits are generally invested in bank deposits, bank bills and other short-term securities. Investors lock in an interest rate for the term of the investment, which is often higher than normal bank deposits. Usually the longer the term the higher the interest rate paid.

In the AustralianSuper Member Direct investment option, interest from term deposits is accrued daily and credited to your transaction account upon maturity. At the end of the term, you can invest your funds into other term deposits, shares, ETFs or other AustralianSuper investment options.

What are the risks?

Term deposits are at the low end of the investment volatility scale. Over both short-term and long-term periods, the likelihood of losing your money or not receiving the interest on your investment is very low. Term deposits are issued by banks and credit unions, which are regulated by the Australian Prudential Regulation Authority (APRA).

While it is unlikely you will lose money from a term deposit there is an opportunity cost of locking in an interest rate. Interest rates can fluctuate so you could potentially miss out on a higher interest rate if interest rates rise during the term of your term deposit. You may also receive a lower rate of interest if you break your term deposit early (having satisfied the conditions for early redemption).

What happens if I need to redeem my term deposit?

Applications to redeem a term deposit in the Member Direct investment option prior to maturity will only be granted in limited circumstances. These are:

- using your super to open an AustralianSuper account-based pension
- payment of your benefit for total and permanent disability
- payment of your benefit for a terminal medical condition
- payment of your benefit on financial hardship grounds (strict eligibility criteria apply)
- payment of your benefit on compassionate grounds (strict eligibility criteria apply)
- payment of your benefit to your beneficiaries upon your death.

If you meet one of the above criteria and you (or your beneficiaries) redeem your term deposit(s) prior to their maturity date, the interest rate will be reduced as follows:

Time invested	Interest rate reduction
0 to 50% of total term	50%
Over 50% of total term	20%

How and when is interest paid on my term deposit?

Interest rates are annualised and expressed as a percentage per annum. You can view current interest rates on the Member Direct online platform and their ranges may be viewed at www.australiansuper.com

Interest is accrued daily and paid when your term deposit matures.

Here is an example of how the interest is calculated:

Say you invest \$10,000 in a 90 day term deposit earning 5.00% pa.

$$10,000 \times \frac{0.05}{365} \times 90 = \$123.29$$

You will receive \$123.29 in interest (before tax) on your term deposit if you hold it until maturity. Tax is accrued daily as interest is earned, and is withheld when the interest income is paid into your transaction account upon the maturity of your term deposit.

How do I invest in term deposits?

The AustralianSuper Member Direct option offers a selection of three month, six month and 12 month term deposits offered by Members Equity Bank and National Australia Bank. There are no fees when you place a term deposit order.

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How to invest in term deposits

- 1 Select 'transact' from the main menu and select 'term deposits'
- 2 Choose a term deposit from the drop down list
- 3 Enter the amount you want to invest
- 4 Click on 'continue'
- 5 Review your order and 'confirm' to place your order

This is how much cash you have available to invest

The screenshot shows the AustralianSuper Member Direct investment option website. The user is logged in as John Citizen. The page displays the 'Term deposits' section with a 'Buy' button and a 'Pending' button. A callout box points to the 'Available cash' amount of \$54,296.40. The page also shows a table of 'Available term deposits' with columns for Provider, Term (90 Days, 180 Days, 365 Days), and interest rates.

Provider	Term		
	90 Days (%)	180 Days (%)	365 Days (%)
Back Office Test Issuer	3.25	3.75	8.00

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Quick reference

- access a range of term deposits at highly competitive rates on the Member Direct option
- the minimum amount you can invest in term deposits is \$2,000
- provided you keep at least \$5,000 invested in your other AustralianSuper investment options and \$200 in your Member Direct transaction account, no maximum limit applies to term deposits
- the maximum amount you can invest in a single term deposit is \$5 million

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Seek advice before you invest

Our Financial Education and Advice Team can help you decide which AustralianSuper investment options are right for you. They can also refer you to an external licensed financial adviser for more specific advice about investment strategies and listed securities within the Member Direct investment option. Call our Financial Education and Advice Team on **1300 300 273** or visit **www.australiansuper.com** to find out more.