

Important things to know about your super

AustralianSuper Select Product Disclosure Statement

27 October 2018

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australiansuper.com



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1 About AustralianSuper

In this booklet you'll find out what you need to know about how we manage your super as well as a bit about who we are.

We manage over \$140 billion in assets on behalf of more than 2.2 million members - this makes us Australia's largest industry super fund*.

It's our role to look after the financial wellbeing of our members, from the start of their career through to retirement. Here's how:

- › Our fees are low as we only cover the costs of running the fund.
- › We're committed to providing members with strong, long-term returns to maximise their retirement savings.
- › We work with more than 280,000 employers Australia-wide.
- › You can be confident knowing that your super is being managed by an award-winning fund (see back cover).

Other information

AustralianSuper is MySuper Authorised 65 714 394 898 856 and can accept all Superannuation Guarantee contributions from employers.

A copy of the product dashboard for AustralianSuper's MySuper Balanced option is available at australiansuper.com/MySuperDashboard

You can find important information, including our Trust Deed, Annual Report and remuneration for executive officers, at australiansuper.com

* As at 30 June 2018.

AustralianSuper is here to look after you

See how we compare at australiansuper.com/compare



About this Product Disclosure Statement

This Product Disclosure Statement (PDS) is a summary of significant information and contains a number of references to important information (each of which forms part of the PDS). You should consider that information before making a decision about the product. This information is current at the date of publication, but may change frequently. You should check the website for current information. A paper copy of the changes is available on request at no extra charge.

The information provided in the PDS is general information only and doesn't take into account your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

2 How super works

Super is an important way for you to save for retirement.

Super is an investment for your future and the sooner money starts going into your account, the better off you'll be when you retire. That's because over the long term your super grows from investment returns and money that's added to your account regularly.

There are a number of ways money can be added (contributed) to your account.

Superannuation Guarantee contributions

Employers pay a compulsory contribution to your super known as the Superannuation Guarantee (SG). Currently this is an amount equal to 9.5% of your annual salary (subject to salary cap).

There are also other types of contributions that could help you grow your super.

Personal contributions

- › **Before tax*** – includes salary sacrifice contributions made by you, any personal contributions for which you claim a tax deduction and voluntary contributions made by your employer for which they claim a tax deduction.
- › **After tax*** – includes any extra additional contributions you make from your take-home pay, for which you don't advise us you wish to claim a tax deduction.

Government Co-contributions

Depending on your income, you may be eligible to receive Government Co-contributions if you make after-tax contributions to your super.

To find out if you're eligible, visit australiansuper.com/CoContributions

Useful information to know

Tax breaks and incentives are provided by the Government to encourage you to save more for retirement and grow your super over time.

You generally can't access your super savings until you're 55 or over (depending on the year you were born). To learn more about preservation age, visit australiansuper.com/AccessYourSuper

It's your super, it's your choice

Normally you can tell your employer where you want your super to be paid. But in some cases, it depends on your employment contract. If you don't make a choice or tell your employer where you want your super paid, they'll pay your contributions into their preferred super fund.

* Depending on your income and personal circumstances, you may be better off contributing before or after tax, or using a combination of both. The Government places limits on the amount that can be contributed to super. To learn more, visit australiansuper.com/InfoTax

3 Benefits of investing with AustralianSuper

We're here to help you get the most from your money, today and tomorrow. That's why we offer simple and effective solutions to help you manage your account.

Get more from being a member



An online account and mobile app to track your super 24/7



A range of investment options to choose from, backed by a history of strong long-term investment performance*



Competitive insurance to protect you and those who matter to you



Free retirement and financial planning seminars



Advice tools and calculators to help you understand super



Financial advice available online, over-the-phone and face-to-face[†]

Set up your online account at australiansuper.com/register

Download the app here:



* Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

[†] Financial advice provided face-to-face and over the phone will be under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore isn't the responsibility of AustralianSuper. With your approval a fee may be charged if a *Statement of Advice* is produced.

4 Risks of super

All investments, including super, have some risk.

How you should invest your super will depend on your age, how long you will be investing your super, other investments you may have and your tolerance for volatility. Volatility is when the returns on your investment go up and down over a period of time. The level of volatility your super investment could potentially have will depend on the types of assets that your super is invested in. Assets are investments such as shares, property, fixed interest or cash.

Different types of assets have different levels of potential return and volatility. Generally, higher returns are accompanied by greater potential for volatility in the short term.

You can choose from a great range of investment options, each with a different mix of assets. So, the likely investment return and the level of potential volatility of returns involved is different for each option.

What you need to think about

When considering your super, it's important to understand that:

- › investment returns may go up and down over time and the value of investments will vary, so the value of your super may also go up and down
- › investing too conservatively can be risky because over the long term your investment may not earn a return above the inflation rate
- › returns are not guaranteed, and you may lose some of your money
- › past returns are not a reliable indicator of future returns
- › the laws affecting your super may change, and
- › the amount of your future super savings (including contributions and returns) may not be enough for your retirement.

More information

For more information about available investment options, the different asset classes and investment risk, download our *Investment Guide*, available at australiansuper.com/InvestmentGuide



5 How we invest your money

When you join AustralianSuper you'll automatically be invested in the default Balanced option – our MySuper authorised product, unless you choose a different investment option. You should consider the likely investment return, risk and your investment timeframe when choosing an investment option.

Investment details for the Balanced option

This option invests in a wide range of assets, with a higher allocation to shares, infrastructure and property than fixed interest and cash. It's designed for members seeking medium to long-term growth who are willing to accept short-term fluctuations in returns.

Investment objective

To outperform (after fees and taxes) the return of the median balanced fund and an average annual return of CPI + 4% over the medium to long term[†].

Minimum investment timeframe

Be prepared to stay invested in this option for at least 10 years before it meets its objectives.

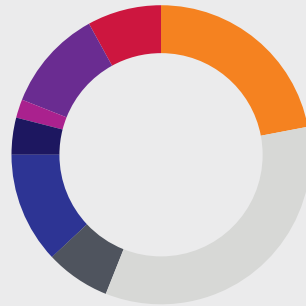
Risk levels

- › Short-term risk classifies investment options according to their likelihood of negative returns in a given year. This is also known as the Standard Risk Measure.
- › Medium-term risk balances two risks. The first is that your super savings will be reduced by volatility and the second is that your super savings won't keep up with inflation.
- › Long-term risk is the risk that your super savings won't keep up with inflation.

How often you can expect a negative annual return

Approximately 5 out of every 20 years.

Balanced option investment mix – strategic asset allocation and ranges*



- Australian shares **22%** (10–45%)
- International shares **34%** (10–45%)
- Direct property **7%** (0–30%)
- Infrastructure **12%** (0–30%)
- Private equity **4%** (0–10%)
- Credit **2%** (0–20%)
- Fixed Interest **11%** (0–25%)
- Cash **8%** (0–20%)
- Plus: Other Assets **0%[‡]** (0–5%)

Risk level for the time invested

Short term	(if savings are required in 5 years or less)	High
Medium term	(if savings are required after 5 to 20 years)	Medium
Long term	(if savings are required after 20 years or more)	Low to Medium

* Investment information is current at the date of publication and may change from time to time. See australiansuper.com/AssetAllocation for updated information. Investment returns aren't guaranteed.

[†] CPI stands for Consumer Price Index – which is used as a measure of inflation.

[‡] From time to time, we may invest in other assets which represent a short or medium-term opportunity based on them being attractively priced. These include but aren't limited to assets such as commodities, royalties or leases.

AustralianSuper has a range of investment options to suit a wide range of investors.

PreMixed options	DIY Mix options
<p>Combine different mixes of asset classes to provide different types and levels of risk and potential return.</p> <ul style="list-style-type: none"> › High Growth › Balanced › Socially Aware › Indexed Diversified › Conservative Balanced › Stable 	<p>Made up of a single asset class. With DIY Mix options you can select a combination of asset classes to suit you.</p> <ul style="list-style-type: none"> › Australian Shares › International Shares › Property › Diversified Fixed Interest › Cash
Member Direct investment option	
<p>AustralianSuper's Member Direct investment option enables you to invest in your choice of stocks in the S&P/ASX 300 Index, and a selection of Exchange Traded Funds (ETFs) and term deposits.</p>	

Changing your investment option

You can choose your preferred investment option in the mobile app or by logging into your online account. It won't cost you anything to switch.

For more information, download our *Investment Guide* at australiansuper.com/InvestmentGuide

You should read the important information about our investment options before making a decision. Go to australiansuper.com/RefInvestments and download the *How we invest your money* fact sheet.



This contains information about our other investment options including the risk and expected returns over different periods of time. The material relating to our investment options may change between the time when you read this PDS and the day when you acquire the product.

6 Fees and costs

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 administration 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 fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

Fees for the Balanced option

The main fees to set-up and manage your account are below. These are based on our Balanced option, and can be used to compare our fees with similar funds.

Type of fee	Amount	How and when paid
Investment fee	0.66%	Deducted from before-tax investment returns on 30 June each year (earlier if you close your account), before the returns are applied to your account.
Administration fee	\$1.50	The administration fee of \$1.50 per week is calculated weekly and processed monthly from your account. This fee is paid into the Fund's administration reserve. The Fund pays its administration costs from the administration reserve. For the 12 months to 30 June 2018, the Fund's estimated costs were \$1.72 per member (gross of tax). The Fund claims a tax deduction for administration costs each year. The amount of the deduction is also paid into the administration reserve.
Buy sell spread	Nil	
Switching fee	Nil	
Exit fee	\$35	Charged on withdrawals.
Advice fees* relating to all members investing in a MySuper product or investment option	\$0- \$295	This is the cost for over-the-phone advice. For face-to-face advice, a higher fee applies which may be deducted directly from your account.
Other fees and costs		Go to australiansuper.com/RefFees for information about other costs. Refer to section 7 of this PDS for tax details and section 8 for insurance costs.
Indirect cost ratio	Nil	

The Investment fee for our other investment options is different. This fee is calculated looking back as at 30 June each year. It may change from year to year.

Example of annual fees and costs for a MySuper product

This table gives an example of how the fees and costs for the generic MySuper 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 – MySuper Product		Balance of \$50,000
Investment fee	0.66%	For every \$50,000 you have in the MySuper product you will be charged \$330 each year.
PLUS administration fees	\$78 pa (\$1.50 a week)	AND you will be charged \$78 in administration fees regardless of your balance.
PLUS indirect costs for the MySuper product	Nil	AND indirect costs of \$0 each year will be deducted from your investment.
EQUALS cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$408 for the MySuper product.

Note: Additional fees may apply.

AustralianSuper can change the fees which you may be charged. You'll be given at least 30 days' notice before any increase in fees takes effect.

See section 7 of this PDS for information on how super is taxed and section 8 for insurance information and costs.

Adviser service fee

If you get advice* from an eligible adviser about your investment with AustralianSuper, you may have fees for the advice deducted from your account. The *Statement of Advice* provided by the adviser will state the fees (if any) that you will pay.

See how fees affect your super

Use the Superannuation calculator at moneysmart.gov.au

You should read the important information about fees and costs before making a decision. Go to australiansuper.com/RefFees

This contains information about service fees and fees for our other investment options. The material relating to our fees may change between the time when you read this PDS and the day when you acquire the product.

* The financial advice you receive will be provided under the Australian Financial Services Licence held by a third party and not by AustralianSuper Pty Ltd (AustralianSuper) and therefore isn't the responsibility of AustralianSuper. With your approval a fee may be charged if a *Statement of Advice* is provided.

7 How super is taxed

Tax on contributions

The tax paid on super contributions depends on the amount and type of contribution. Tax is deducted after the contribution is received. There are limits on how much you can contribute, and if you exceed these limits you may pay extra tax.

Type	Tax on contributions in 2018/2019
Before-tax contribution	<p>If your income is \$250,000 or less, 15% will be applied to contributions up to the before-tax contributions cap of \$25,000.</p> <p>If your income (including your before-tax contributions) is over \$250,000, all or some of your before-tax contributions will be taxed at 30%. Contributions that exceed the cap will be taxed at your personal rate (less a 15% tax offset), plus an interest charge.</p> <p>You can choose to withdraw up to 85% of excess contributions, which won't then count towards your after-tax limit.</p>
After-tax contribution	<p>No tax on amounts up to the after-tax contributions cap of \$100,000 a year (or \$300,000 over 3 years if certain conditions are met).</p> <p>You can choose to withdraw any excess contributions plus 85% of its earnings. These earnings will be taxed at your personal rate (less a 15% tax offset). If you don't withdraw the excess contributions, they will be taxed at 47%* in the fund.</p> <p>There may be restrictions on the after-tax contributions you can make if you already have a very large balance in your super account/s.</p>

Tax on investment earnings: Investment earnings are taxed at up to 15%. This tax is deducted from the crediting rate that applies to your super, before the earnings are credited to your account.

Tax on withdrawals: Your super is made up of two components: taxable and tax-free. There's no tax payable on the tax-free component. Withdrawals are generally tax-free if you're aged 60 or over.

Tax on the taxable component if you're under 60

2018/2019 – If you're between your preservation age and 59, the first \$205,000 is tax-free and the balance is taxed at 17%*.

If you're younger than your preservation age, your lump sum withdrawal will be taxed at 22%*.

Tax on withdrawals is deducted before you receive your payment.

Tax rates, contribution limits and the way excess contributions are treated are subject to change. You should read *Tax and super* at australiansuper.com/RefSuperTax

You should provide your Tax File Number (TFN). If we don't have your TFN, your before-tax contributions and withdrawals are taxed at a higher rate and we can't accept after-tax contributions from you. You should read the important information about providing your TFN before making a decision.

Go to australiansuper.com/RefTFN The material relating to tax may change between the time when you read this PDS and the day when you acquire the product.

* Including the Medicare levy of 2%.

8 Insurance in your super

Insurance through AustralianSuper is designed to provide financial support if you die or become disabled.

We offer Death, Total & Permanent Disablement (TPD) and Income Protection cover.

- › **Death cover** – provides a lump sum payment to your dependants, or your legal personal representative (executor of your estate).
- › **TPD cover** – provides a lump sum payment if you become totally and permanently disabled and can no longer work.
- › **Income Protection** – provides monthly payments if you become temporarily disabled.

This PDS explains general information about the insurance cover we offer members. For more details about our insurance, cover options and the conditions of our cover see the *Select Insurance in your super* guide.

It's important that you refer to the *AustralianSuper Select* booklet for your employer, for specific details about the basic cover you receive when you join.

Both our guide and booklet are available at australiansuper.com/select



Your basic cover

Your employer arranges the basic level of cover you receive when you join AustralianSuper Select. The basic cover you receive is based on the terms of your employment and insurance category.

If your employer pays for your basic cover, it will be detailed in the *AustralianSuper Select* booklet for your employer. If your employer doesn't pay for your basic cover, the cost of your cover will be deducted monthly from your account.

The cost of cover can be found in the booklet along with details about your basic cover and how it's calculated.

If your employer pays for your basic cover or administration fee, the payments will count towards your before-tax (concessional) contribution cap. It may affect your ability to make, or the amount you are able to contribute as, additional before-tax contributions.

When your cover starts

If you're eligible, cover starts on the latest of these dates: the day you joined your employer, or the beginning of the period of your first employer super contribution, or 120 days before we receive your first employer super contribution. See our *Insurance in your super* guide for Select members for more details.

Additional cover

Death and TPD cover

You may be provided with basic Death and/or TPD cover depending on the insurance category you're in. Your employer may pay for the cost of it.

You can apply for more cover anytime (even if you don't have basic cover). The extra cover you apply for will be a fixed amount of cover and added to your basic cover.

You pay for the cost of your extra cover. The cost of this cover will be deducted from your super account monthly.

Income Protection cover

You may be provided with basic Income Protection cover depending on which insurance category you're in. Your employer may pay for the cost of it.

You can apply for or change your Income Protection cover anytime and change your benefit payment period and/or waiting period. If you apply to change your Income Protection cover amount or apply for Income Protection (if you don't have basic cover), your cover will become a fixed amount of cover. You can only apply for up to 85% of your salary.

If you make any changes to your Income Protection cover you'll have to pay for the total cost. This includes changes to your cover amount, waiting period or benefit payment period. We'll deduct the cost of your Income Protection from your super account monthly.

See our *Select Insurance in your super* guide for more details including your waiting period and benefit payment period options.

New member offer

If you're eligible when you join AustralianSuper Select, you can apply once to increase your cover without providing detailed health information as long as you've never cancelled any of your cover or applied to: transfer your cover, or change your individual work rating, or change your Income Protection waiting period or benefit payment period, or change your amount or type of cover (basic or fixed).

To take up this offer **you'll need to apply within 120 days of the date on your offer letter.**

Use the *New member insurance offer* form provided with this PDS to take up the offer. Your extra cover will be limited cover for at least two years. Age limits and conditions apply. You can also use this form to reduce or cancel your cover or apply to change your individual work rating.

Here's what you can apply for without providing detailed health information

Cover	Total cover you can apply for with no health checks	Total cover you can apply for with a few health questions
Death and/or TPD	Up to \$600,000	Up to \$1 million (cover above \$600,000 will be capped at the lower of \$1 million or 10 times your salary*)
Income Protection	Up to \$10,000 a month or 85% of your salary* (whichever is lower)	Up to \$20,000 a month or 85% of your salary* (whichever is lower)

* Salary is your annual (before-tax) salary, excluding employer contributions.

Higher cover is available but you'll need to provide detailed health information for the Insurer to consider. See our *Insurance in your super* guide for Select members for details.

What's your work rating?

The type of work you do determines your work rating – Standard, Low Risk or Professional. This makes a difference to how much you pay for your cover.

You have a category and an individual work rating. And while you're with your Select employer we'll apply the better of your category or individual work rating to keep insurance costs as low as possible.

Your Select employer arranges your category work rating with your basic insurance cover and this is detailed in the *AustralianSuper Select* booklet for your employer.

Your individual work rating is the work rating you keep with your insurance cover when you leave your Select employer.

Your individual work rating will be Standard, unless you apply to change it. So, if you spend at least 80% of your time in an office environment and don't do any manual work, you may be eligible for a Low Risk or Professional individual work rating, which means your cover will cost less. To apply to change your individual work rating log into your account or complete the *Change your individual work rating* form for Select, available at australiansuper.com/select

You can log into your account to check for your individual and category work rating details anytime.

Transfer cover from another fund or insurer

You may be able to transfer your current Death, TPD or Income Protection cover from outside of AustralianSuper. See our *Insurance in your super* guide for Select members for details.

Limited cover

Limited cover means that you won't be covered for any illnesses or injuries you had before you got your cover and it may last for different amounts of time.

Change your cover anytime

You can cancel, change or apply for insurance cover anytime by logging into your account or completing the *Change your insurance* form at australiansuper.com/select

Conditions may apply relating to the basic cover your employer has arranged for you.

Please check the *AustralianSuper Select* booklet for your employer for conditions and details about your insurance. Your employer may be paying for your basic cover.

If your employer doesn't pay for your basic cover, the cost of your cover will be deducted monthly from your super account unless you cancel it.

If you cancel your cover now, you might not be able to get cover later. That's because you'll need to reapply and provide health information for the Insurer to consider.

Use our insurance calculator at australiansuper.com/calculators to work out the right level of cover for you.

Insurance cover through your super

AustralianSuper is adopting the Insurance in Superannuation Voluntary Code of Practice which commenced on 1 July 2018. Read about the requirements, our insurance strategy and our premium adjustment arrangements at australiansuper.com/InsuranceCode

You should read the important information about insurance in your super before making a decision. Go to australiansuper.com/select for a copy of our *Insurance in your super* guide and the *AustralianSuper Select* booklet for your employer.



The material relating to insurance may change between the time when you read this PDS and the day when you acquire the product.

AustralianSuper insurance is provided by TAL Life Limited (the Insurer) ABN 70 050 109 450 AFSL 237848.

9 How to open an account

Your employer has already opened an account for you, but you can set up your account the way you want.

Visit australiansuper.com/register to set up your online account. You'll be able to:

- › check your balance
- › manage your investments
- › make a contribution
- › nominate your beneficiaries
- › manage your communication preferences
- › update your details.

Complete the *New member insurance offer* form provided with your offer letter to apply for up to:

- › \$1 million Death and TPD cover, or
- › \$20,000 a month Income Protection cover, without needing to provide detailed health information (age limits and conditions apply). Applications must be received within 120 days of the date on your offer letter.

You can change your mind about us

If you've chosen AustralianSuper (instead of your employer signing you up) you can cancel your membership by writing to us within:

- › 19 days of the date we received your application, or
- › 14 days of the date we send you confirmation of your membership.

If you cancel your membership during this period, we'll transfer your account to an approved fund of your choice. Any contributions tax we've paid on your behalf will be deducted beforehand. We'll also deduct any fees due.

Your account will attract earnings (positive or negative) for the period of time your super has been with the fund.

Cancelling your membership during this period means you won't be entitled to any insurance benefits.

Not happy with our service?

To make a complaint about your super account or general advice given by AustralianSuper, you can contact us by email, phone or post. Visit australiansuper.com/contact-us for more information.

We respect your privacy

Protecting your personal information is important to us. Our Privacy Policy outlines the type of information we keep about you. It also explains how we – and any organisations we appoint to provide services on our behalf – will use this information.

For more information on privacy, go to australiansuper.com/privacy

Temporary residents permanently leaving

If you're a temporary resident permanently leaving Australia, you have six months to claim your super from us before we have to transfer it to the Australian Taxation Office (ATO). Once we've transferred your super, you'll need to contact the ATO directly to claim it. Go to ato.gov.au

Under Australian Securities and Investments Commission relief, we don't have to give you an exit statement if we transfer your super to the ATO in these circumstances.

We're here to help

Just give us a call or send us an email.

1300 300 273

8am-8pm AEST/AEDT weekdays

australiansuper.com/email

australiansuper.com

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