

Vision Super Saver Super Saver Australian Services Union

6. Fees and costs – additional guide

This statement was prepared on **1 October 2018**. The information in this document forms part of the Product Disclosure Statement of:

- ▶ Vision Super Saver dated **1 October 2018**,
- ▶ Super Saver Australian Services Union dated **1 October 2018**.

IMPORTANT INFORMATION

The information in this additional guide ('Guide') is a summary only and forms part of the Product Disclosure Statement (PDS) for Vision Super Saver and Super Saver Australian Services Union.

This Guide is issued by the Trustee and is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider whether this information is appropriate to your personal circumstances before acting on it and, if necessary, you should also seek professional financial advice. Where tax information is included you should consider obtaining personal taxation advice.

This Guide is up to date at the time it was prepared. Information in this Guide is subject to change from time to time. If a change does not adversely affect you, we may update the information by notice on our website www.visionsuper.com.au and/or inclusion in the next newsletter. You can also call our Member Services team on **1300 300 820**. A paper copy of the updated information will be given to you without charge on request.

Vision Super Pty Ltd ABN 50 082 924 561 AFSL No. 225054, RSE Licence L0000239 ('the Trustee' or 'we' or 'us') is the Trustee of the Local Authorities Superannuation Fund ('Vision Super' or 'the Fund') ABN 24 496 637 884. The final authority on any issue relating to the Fund is the Trust Deed governing the Fund, and the relevant insurance policy (if applicable).

Fees and costs

This document shows the fees and other costs that you may be charged. These fees and other costs may be deducted from your super account, from the returns on your investment or from the assets of Vision Super as a whole. Other fees, such as activity fees, personal advice fees and insurance fees may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you.

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

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

The fees and other costs for MySuper and Choice members are the same except for the investment fees which vary depending on the investment option applicable to you. The investment fees for each investment option offered by the Fund are set out in Table 2 on page three of this document.

Consumer advisory warning



Did you know? Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. *Ask the fund or your financial adviser.



To find out more - If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.

* Fees and costs are not negotiable.

VISION SUPER SAVER, SUPER SAVER CITY OF MELBOURNE AND SUPER SAVER ASU

TYPE OF FEE	AMOUNT	HOW AND WHEN PAID
Investment fee ¹	A percentage of the option's assets per year depending on the Investment option 0.03 – 0.74% p.a.	Accrues (usually) daily and is deducted from the underlying asset value of the member's account via the unit pricing process.
Administration fee	\$78 pa (\$1.50 per week) plus 0.16% - 0.18% p.a. of assets (made up of 0.14% pa of your account balance which is capped at \$540 plus a reserving margin of 0.02 – 0.04% p.a.) ²	Deducted from member's accounts each quarter in arrears, or earlier if member exits prior to the end of the quarter. The reserving margin is accrued daily and deducted from the underlying asset value of the member's account via the unit pricing process.
Buy-sell spread	A percentage of the member transaction amounts depending on the Investment option. Currently nil. Buy and sell spread range 0-0.19%	Applied to unit prices, usually calculated daily, to cover the costs of buying and selling units.
Switching fee	Nil	Not applicable
Exit fee	Nil	Not applicable
Advice fees – relating to all members (including those investing in the MySuper product)	Nil	Not applicable. However personal advice fees may apply on an individual basis depending on the personal advice you obtain.
Other fees and costs	Various, depending on insurance cover you have or personal advice you obtain.	Deducted from members' accounts where relevant.
Indirect cost ratio (ICR)	0.00%	Not applicable

¹ The Investment fee shown above is an estimate of the investment costs incurred over the year ended 30 June 2018, based on information provided by our investment managers and custodian. It includes actual amounts where available and some estimated components. The actual amount you will incur in subsequent financial years will depend on the actual investment costs incurred. The Investment fee includes investment costs relating to the investment management of Vision Super's assets, such as base and performance related fees paid to investment managers and advisers, management fees charged in funds/trusts, explicit transaction costs incurred by investment managers, asset consulting fees, bank fees, custodian fees and internal Vision Super costs related to the management of the fund's assets. ² The reserving margin will change depending on the investment options you have selected. The reserving margin of the Balanced Growth options which MySuper accounts are invested in is 0.04%. The reserving margins of the other investment options range from 0.02% to 0.04% (see Table 6 page 6).

Additional explanation of fees and costs

Table 1 Explanation of fees and costs

FEE	EXPLANATION
Activity fees	Vision Super does not charge activity fees.
Advice fees	<p>You can obtain personal financial advice which takes into account your objectives, financial situation and needs from a Vision Super Financial Planner (VSFP).</p> <p>VSFPs are employed by the Trustee of Vision Super. These staff members are authorised to give personal advice under an arrangement that the Trustee has with Industry Fund Services Pty Ltd (IFS) (AFSL no: 232514). IFS (and not the Trustee) is responsible for any advice given to you under this arrangement. Where you require personal advice, this advice is provided to you under the arrangement with IFS. You should consider the IFS FSG if you are considering obtaining personal advice.</p> <p>Advice limited to your membership of Vision Super that is not subject to ongoing review (called 'intra-fund' advice including personal intra-fund advice) is available at no extra cost to you as the cost of intra-fund advice forms part of the Fund's administration fees.</p> <p>Advice fees apply on a fee for service (user pays) basis for other personal financial advice provided by a VSFP in addition to the fees and costs shown in this Guide. Depending on the nature of advice, you may be able to have the advice fees for personal superannuation advice deducted from your Vision Super account, if you consent. Fees are only charged for a Statement of Advice that contains personal advice that is not intra-fund advice. For information about the advice fees that may apply as an additional cost, please see our Financial Services Guide at www.visionsuper.com.au/financial-services-guide. You can also contact Member Services on 1300 300 820, or one of our VSFPs who will explain our fee structure to you. IFS does not receive remuneration from the Trustee for the intra-fund advice services accessible by Fund members.</p>
Benefit of tax deductions for fees and costs	Tax on employer contributions is calculated after administration fees and insurance premiums (if applicable) are accounted for. This means that the benefit of tax deductions for these expenses is passed on to you because the Fund pays less tax on your contributions than it would have if tax was calculated on the basis of the gross contribution amount.
Fee change information	The Trustee can change fees and costs without member consent. You will be given at least 30 days written notice of any material increase to fees and costs where required by law. Estimated indirect cost ratios may change, without prior notice, where underlying expenses of the Fund change.
Insurance costs	If you have insurance cover under Vision Super, insurance premiums apply and are deducted from your account. Please refer to our additional guide titled " <i>8. Insurance in your super – additional guide</i> " for more information about insurance costs.
Taxation	Taxes apply to superannuation, including tax on employer contributions and tax on investment earnings. If you are invested in an investment option that has exposure to Australian shares, tax offsets gained through franking credits are reflected in unit prices of that investment option. Please refer to our additional guide titled " <i>7. How super is taxed – additional guide</i> " for more information.

Investment fee

The Investment fee includes investment expenses relating to the investment management of Vision Super's assets, such as base and performance-related fees paid to investment managers and advisers, management fees charged in investment vehicles, explicit transaction costs incurred by investment managers, asset consulting fees, bank fees, custodian fees and internal Vision Super costs related to the management of the fund's assets. For further information about performance-related fees, as well as investment related expenses that are not included in the investment fees, refer to 'other investment expenses' section on page 5.

Investment fees are taken into account in the calculation of the unit prices for the investment options, and are therefore reflected in the returns allocated to your account through changes in the unit prices.

Table 2: Investment fee for the year ended 30 June 2018

PREMIXED OPTIONS	INVESTMENT FEES ⁽ⁱ⁾	SINGLE SECTOR	INVESTMENT FEE ⁽ⁱ⁾
Growth	0.74% pa	Just shares	0.45% pa
Balanced growth	0.68% pa	Innovation and disruption	0.57% pa
Sustainable balanced	0.15% pa	Australian equities	0.37% pa
Balanced	0.62% pa	International equities	0.52% pa
Conservative	0.47% pa	Diversified bonds	0.19% pa
		Cash	0.03% pa

(i) The Investment fees shown above are estimates of the investment costs incurred over the year ended 30 June 2018, based on information provided by our investment managers and custodian. They include actual amounts where available and some estimated components. The actual amount you will incur in subsequent financial years will depend on the actual investment costs incurred.

For the year ended 30 June 2018, some of the transaction costs included in the Investment fee shown in the above table were recovered through the application of the buy-sell spread to member transactions, as detailed in Table 3 on page 4. Therefore, the actual Investment fee incurred by members over the year ended 30 June 2018, was lower, being net of the amounts recouped from the buy-sell spread over that year. As the buy-sell spread was reduced to nil with effect from 28 September 2017, we have disclosed the Investment fee gross of amounts recouped from the buy-sell spread, as this is a better reflection of the costs that members will incur from that date.

Transactional and operational costs

Transactional and operational costs (T&O costs) are incurred within each investment option. They include explicit transaction costs such as brokerage, settlement costs or stamp duty, and implicit transaction costs such as bid ask spreads. Implicit transaction costs are amounts that are not known objectively, so these must typically be estimated.

Where buy-sell spreads are applied, T&O costs may be in part recovered from member transactions through the application of the buy-sell spread on member transactions. Amounts recouped from the buy-sell spread over the year ended 30 June 2017 are shown in Table 3 on page 6. Currently, buy-sell spreads do not apply, however they may be applied in future based on the ranges shown in the 'Buy-sell spreads' section on page 9. T&O costs are otherwise deducted from the underlying assets, and therefore the unit prices set for Investment options.

Explicit transaction costs are included in the Investment fee set out in Table 2 (above). Implicit transaction costs are not included in the Investment fee, and are an additional cost to you.

The amount of T&O costs will vary from year to year depending on the frequency, size and type of transactions.

Table 3: Transactional and operational costs for the year ended 30 June 2018⁽ⁱ⁾

INVESTMENT OPTION	EXPLICIT COSTS	IMPLICIT COSTS ⁽ⁱⁱ⁾	TOTAL GROSS T&O COSTS	AMOUNTS RECOUPED FROM THE BUY SELL SPREAD ⁽ⁱⁱⁱ⁾	NET T&O COSTS
Premixed options					
Growth	0.09%	0.04%	0.13%	-0.01%	0.13%
Balanced growth	0.08%	0.05%	0.13%	0.00%	0.13%
Sustainable balanced	0.03%	0.09%	0.12%	-0.01%	0.12%
Balanced	0.07%	0.06%	0.13%	-0.02%	0.12%
Conservative	0.05%	0.06%	0.11%	-0.01%	0.10%
Single sector options					
Just shares	0.07%	0.04%	0.11%	-0.01%	0.11%
Innovation and disruption	0.03%	-0.04%	-0.01%	0.00%	-0.01%
Australian equities	0.07%	0.02%	0.09%	-0.05%	0.04%
International equities	0.07%	0.06%	0.13%	-0.01%	0.12%
Diversified bonds	0.00%	0.12%	0.12%	-0.01%	0.11%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%

(i) These amounts are estimates of the T&O costs incurred over the year ended 30 June 2018, based on information provided by our investment managers and custodian. They include actual amounts where available, and some estimated components. The actual amount you will incur in subsequent financial years will depend on the actual T&O costs incurred.

(ii) Explicit costs are included in the investment fee set out in Table 2 (page 4). Implicit costs are not included in the Investment fee set out in Table 2 (page 4), and are an additional cost to members. These amounts are estimated. In some cases, our investment managers did not provide us with estimates of implicit costs, in which case we estimated implicit costs based on trading information and benchmarks we considered appropriate to the type and size of transactions.

(iii) The buy-sell spread was reduced to nil with the effect from 28 September 2017. Since this date, no transaction and operational costs have been recouped from the buy-sell spreads. Buy-sell spreads may be applied in future. For further information about buy-sell spreads, refer the 'Buy-sell spreads' section on page 5.

Other investment costs

Performance related fees

Some of our Investment managers may be entitled to receive performance related fees (in addition to base fees) if they generate strong investment returns above an agreed benchmark. Where applicable, performance related are paid on the percentage of the performance above the agreed benchmark.

Performance related fees are included in the Investment fee set out in Table 2 (page 4). Performance related fees incurred over the year ended 30 June 2018 are set out in Table 4 (page 5).

The amount of Performance related fees paid in each year will rise and fall depending on the level of performance the manager generates.

Borrowing costs

Borrowing costs include costs such as loan establishment fees and ongoing interest payments in relation to borrowings. These costs relate to investments we have in externally managed investment vehicles known as interposed vehicles.

Borrowing costs are deducted from the assets at the time they are incurred, and therefore the unit prices set for the relevant Investment options. Borrowing costs are not included in the Investment fee set out in Table 2 (page 4), and are therefore an additional cost to you.

Borrowing costs incurred over the year ended 30 June 2018 are set out in Table 4 (page 5).

Property operating costs

Property operating costs are costs incurred as part of the ongoing management of property assets, and may include for example, the costs of council and water rates, utilities, lease renewal costs, security, elevator and air-conditioning maintenance and general property management costs.

Property operating costs are deducted from the assets at the time they are incurred, and therefore the unit prices set for the relevant Investment options. Property operating costs are not included in the Investment fee set out in Table 2 (page 4), and are therefore an additional cost to you.

Property operating costs incurred over the year ended 30 June 2018 are set out in Table 4 (page 5).

Table 4: Other investment expenses for the year ended 30 June 2018 ⁽ⁱ⁾

INVESTMENT OPTION	PERFORMANCE RELATED FEES	BORROWING COSTS ⁽ⁱⁱ⁾	PROPERTY OPERATING COSTS ⁽ⁱⁱ⁾
Premixed options			
Growth	0.11%	0.05%	0.08%
Balanced growth	0.09%	0.04%	0.08%
Sustainable balanced	0.00%	0.00%	0.00%
Balanced	0.08%	0.04%	0.07%
Conservative	0.05%	0.03%	0.05%
Single sector options			
Just shares	0.00%	0.00%	0.00%
Innovation and disruption	0.00%	0.00%	0.00%
Australian equities	0.00%	0.00%	0.00%
International equities	0.00%	0.00%	0.00%
Diversified bonds	0.00%	0.00%	0.00%
Cash	0.00%	0.00%	0.00%

(i) These amounts are estimates of the amounts incurred over the year ended 30 June 2018, based on information provided by our investment managers and custodian. They include actual amounts where available, and some estimated amounts. The actual amount you will incur in subsequent financial years will depend on the actual investment costs incurred.

(ii) Borrowing costs and property operating costs are not included in the Investment fee set out in Table 2 (page 4), and are therefore an additional cost to you.

Buy-sell spreads

Buy-sell spreads may be used to recover the estimated transaction costs incurred when buying or selling underlying assets in relation to each Investment option when member transactions (eg investment switching requests) require assets held by Vision Super to be purchased or sold.

The buy-sell spread where applicable is the difference between the buy price and the sell price of units. Any buy-sell spread is an additional cost to you. No part of the buy sell spread is paid to the Trustee or any external investment manager.

Buy sell spreads are currently nil for all Vision Super investment options. This is based on the current level and pattern of member transactions and the current level of transaction costs incurred by our Investment managers. If circumstances change, Vision Super may need to change buy-sell spreads to ensure it is able to more appropriately recover the transaction costs that result from member transactions. Table 5 (page 6) below sets out the possible range of buy-sell spreads. Buy-sell spreads may change within this range without prior notice. Buy sell spreads are reviewed on a regular basis, and are available online at www.visionsuper.com.au/investments/what-are-unit-prices

Table 5: Buy and sell spreads

OPTION	BUY-SELL SPREAD	BUY-SELL SPREAD RANGE(I)
Balanced Growth	0.00%	0.00% to 0.12% pa
Conservative	0.00%	0.00% to 0.08% pa
Balanced	0.00%	0.00% to 0.11% pa
Sustainable Balanced	0.00%	0.00% to 0.09% pa
Growth	0.00%	0.00% to 0.13% pa
Just Shares	0.00%	0.00% to 0.17% pa
Innovation and disruption	0.00%	0.00% to 0.15% pa
Australian Equities	0.00%	0.00% to 0.19% pa
International Equities	0.00%	0.00% to 0.15% pa
Diversified Bonds	0.00%	0.00% to 0.04% pa
Cash	0.00%	0.00% to 0.03% pa

(i) The same range applies to both buy spreads and sell spreads

Administration fee

The administration fee is charged to cover the administration costs of the Fund plus a reserving margin. The administration fee is made up of three components:

- ▶ A flat dollar fee of \$1.50 per week (\$78p.a.)
- ▶ An asset based fee of 0.14% of your account balance capped at \$540 p.a., and
- ▶ A reserving margin ranging from 0.02% to 0.04% which is reflected in the daily unit price.

The reserving margin is paid into a general reserve while the other components are paid into the administration reserve, which is used to pay administration costs. Vision Super is able to draw on the reserves as permitted by relevant law and the Fund's reserving strategies, including in the general reserve, to defray expenses of the Fund in accordance with the purpose of this reserve.

General reserves

(including the Operational Risk Financial Requirement Reserve)

Super fund trustees are required to develop formal plans and strategies to manage risk. One type of risk is operational risk. All businesses, not just super funds, are exposed to operational risk. Losses can potentially arise from inadequate or failed internal processes, people and systems or from external events, including the inability of a fund to respond to market opportunities resulting from government announcements or industry developments. While super funds normally insure against financial loss, not all risks are insurable.

It is reasonable to assume that a significant adverse event could seriously affect the operations of a super fund and members' entitlements. Vision Super maintains a General Reserve and an Operational Risk Financial Requirement (ORFR) Reserve for this Fund. The reserves are funded by any 'profit' arising from the difference between the fees charged by Vision Super and the actual costs incurred. Amounts are allocated from the General reserve to the ORFR reserve to meet the ORFR requirements of the Fund. Vision Super is able to draw on the reserves for whatever reason it considers necessary, including to protect members' best interests and to defray expenses of the Fund in accordance with the purpose of the reserves. The reserves are not used as an investment fluctuation reserve for smoothing investment returns. The reserve margins included in the administration fees are as follows set out in Table 6 (page 6).

Table 6: Reserving margins

OPTION	RESERVING MARGINS
Balanced Growth	0.04% pa
Conservative	0.03% pa
Balanced	0.04% pa
Sustainable Balanced	0.03% pa
Growth	0.04% pa
Just Shares	0.04% pa
Innovation and disruption	0.04% pa
Australian Equities	0.03% pa
International Equities	0.04% pa
Diversified Bonds	0.02% pa
Cash	0.02% pa

Defined Fees

The following definitions are prescribed by law.

Activity fees

A fee is an *activity fee* if:

- A. The fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
 - (i) That is engaged in at the request, or with the consent, of a member; or
 - (ii) That relates to a member and is required by law; and
- B. Those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

Administration fees

An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:

- A. borrowing costs; and
- B. indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee [OR the trustees] of the entity or in an interposed vehicle or derivative financial product; and
- C. costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Advice fees

A fee is an *advice fee* if:

- A. The fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
 - (i) A trustee of the entity; or
 - (ii) Another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- B. Those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

Buy-sell spreads

A *buy-sell spread* is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Exit fees

An *exit fee* is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Indirect cost ratio

The *indirect cost ratio* (ICR), for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total

indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

Investment fees

An *investment fee* is a fee that relates to the investment of the assets of a superannuation entity and includes:

- A. Fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- B. Costs that relate to the investment of assets of the entity, other than:
 - (i) borrowing costs; and
 - (ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
 - (iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Switching fees

A *switching fee* for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.

A *switching fee* for a superannuation products other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

