



# Update to CSCri Fees and Costs



18 May 2021



## Contact us

If you would like us to send you a copy of this document or any additional information referred to, or if you have any questions about this document or CSCri in general, call us on 1300 736 096 or contact us using the details located at the back of this publication.

# About this update

This is a product disclosure statement update to the **CSCri Product Disclosure Statement, Eighth Edition (PDS)** which was issued on 6 December 2019.

The indirect cost ratios, performance based fees, transactional and operational costs, property operating costs and borrowing costs for CSCri have been updated for the 2019-20 financial year. As a consequence, the changes set out in this update are made to the CSCri PDS.

This update was issued by CSC on 18 May 2021. If you have any questions about this update, please call us on **1300 736 096**.

## 1. Changes to fees and other costs in the CSCri PDS

Changes to the fees and other costs for the CSCri investment options shown on page 11-16 of the PDS, are indicated in **red** text below.

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

† We are required by law to provide you with this information. All advice fees charged in CSCri are 'fee for service'. Refer to **Additional explanation of fees and costs**.

Type	Amount*	How and when paid
Investment fee <sup>^</sup>	Nil Refer to <b>Additional explanation of fees and costs</b> .	
Administration fee <sup>^</sup>	\$20 per month (\$240 per annum)	Deducted from your account monthly. These fees commence from the date your account is created.
Buy-sell spread	CSCri Cash <b>0.00%</b> CSCri Income Focused <b>0.135%</b> CSCri Balanced <b>0.140%</b> CSCri Aggressive <b>0.140%</b> TRIS Cash <b>0.00%</b> TRIS Income Focused <b>0.145%</b> TRIS Balanced <b>0.150%</b> TRIS Aggressive <b>0.150%</b>	Deducted from your account when you buy or sell units.
Switching fee	Nil for the first two (2) switches in any financial year. Additional switches are \$20 each.	Deducted from your account when the switch is processed.
Advice fees relating to all members investing in a particular product or investment option	Nil	No advice fees are deducted from your account. You may be charged a 'fee for service' if you obtain financial advice. Refer to Additional explanation of fees and costs.
Other fees and costs	Refer to <b>Additional explanation of fees and costs</b> .	
Indirect cost ratio <sup>*^</sup>	CSCri Cash <b>0.09%</b> CSCri Income Focused <b>0.93%</b> CSCri Balanced <b>1.13%</b> CSCri Aggressive <b>1.50%</b> TRIS Cash <b>0.09%</b> TRIS Income Focused <b>0.96%</b> TRIS Balanced <b>1.15%</b> TRIS Aggressive <b>1.52%</b>	Indirect costs are paid from or reduce the amount or value of the income or assets attributable to each investment option, or underlying vehicles through which they invest, and are reflected in each option's unit price each business day.

<sup>^</sup> If your account balance for a product offered by the superannuation entity is less than \$6,000 at the end of the entity's income year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

\* The indirect cost ratio is based on actual and estimated indirect costs incurred in the **2019/20** financial year. Future costs may differ from those shown.

# Additional explanation of fees and costs

## Defined fees

### Activity fees

A fee is an **activity fee** if:

- a. the fee relates to costs incurred by CSC as 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 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 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 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 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, other than a buy-sell spread, that relates to the disposal of all or part of member's interests in a superannuation entity.

### Indirect cost ratio

The **indirect cost ratio** (ICR) for a superannuation product or an investment option offered by a superannuation entity is the ratio of the total of the indirect costs for the superannuation product or investment option to the total average net assets of the superannuation entity attributed to the superannuation 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 activity fee, an advice fee or an insurance fee;but does not include property operating costs.

### Switching fees

A **switching fee** for 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.

## Investment fees and the Indirect Cost Ratio (ICR)

We do not charge any investment fees directly to your account. However, fees and costs that relate to the investment of assets attributable an investment option (such as fees paid to investment managers, custodian costs, investment consulting costs and internal investment costs) are indirect costs that are reflected in the ICR for the investment option.

Those fees and costs are deducted from the value of the assets attributable to the investment option before determining the relevant unit price. They are not directly deducted from your account as a separate transaction.

### *Operational risk financial requirement*

The operational risk reserve may form an additional cost which has a minor impact on investment earnings. Funding and maintaining an operational risk reserve is a requirement of the Australian Prudential Regulation Authority. For more information refer to **Operational risk financial requirement** section above.

### *Performance based fees*

We pay performance based fees to some investment managers. If, and only if, the performance of an investment manager exceeds certain benchmarks, they may become entitled to a performance based fee and this will increase the indirect cost ratio as the performance based fee is deducted from earnings before the return to the Fund is calculated. Performance based fees do not affect administration fees.

We have very carefully and deliberately designed our fee agreements with CSC's fund managers to ensure they align with your interests.

- This means that our fees, and therefore, our ICR can vary materially from year to year due to the varying performance recorded by the underlying fund managers.
- Less fees are paid when performance is below target generally, so that the manager more equitably shares the downside risk.
- Conversely, more fees are paid when performance is above target generally.

Actual performance based fees will depend upon the level of performance achieved by investment managers that charge performance based fees and the weighting of those managers in the relevant investment option.

In **2019-20** the following estimated performance based fees were paid and are reflected in the indirect cost ratio estimates for the standard retirement income stream investment options:

CSCri Cash	0%
CSCri Income Focused	0.49%
CSCri Balanced	0.37%
CSCri Aggressive	0.50%

In **2019-20** the following estimated performance based fees were paid and are reflected in the indirect cost ratio estimates for the TRIS investment options:

TRIS Cash	0%
TRIS Income Focused	0.49%
TRIS Balanced	0.37%
TRIS Aggressive	0.51%

The estimates of performance based fees reflected in unit prices are regularly reviewed and changes could be made, for example, due to changes to the asset allocation or changes to the weighting and composition of, or the fees charged by, underlying investments.

## Transactional and operational costs

Transactional and operational costs may include brokerage, buy-sell spread, settlement costs (including custody costs), clearing costs and stamp duty on investment transactions. Transactional and operational costs are an additional cost to members that is reflected in unit prices.

The following table sets out the estimated transactional and operational costs for each standard retirement income stream investment option in **2019-20**:

CSCri Cash	0%
CSCri Income Focused	0.05%
CSCri Balanced	0.13%
CSCri Aggressive	0.20%

Estimated transactional and operational costs in **2019-20** for the TRIS investment options are set out in the following table:

TRIS Cash	0%
TRIS Income Focused	0.06%
TRIS Balanced	0.14%
TRIS Aggressive	0.20%

## Property operating costs

Property operating costs are amounts paid or payable in relation to the holding of real property or an interest in real property, excluding costs relating to the acquisition or disposal of those assets and borrowing costs. Property operating costs are an additional cost to members that is reflected in unit prices.

Estimated property operating costs in 2019-20 for each standard retirement income stream investment option are set out in the following table:

CSCri Cash	0%
CSCri Income Focused	0.29%
CSCri Balanced	0.14%
CSCri Aggressive	0.21%

Estimated property operating costs in 2019-20 for the TRIS investment options are set out in the following table:

CSCri Cash	0%
CSCri Income Focused	0.29%
CSCri Balanced	0.14%
CSCri Aggressive	0.20%

## Borrowing costs

Borrowing costs are costs relating to credit facilities (which are not derivatives) in interposed vehicles through which the Fund invests. Borrowing costs are an additional cost to members that is reflected in unit prices. Estimated borrowing costs in 2019-20 for each standard retirement income stream investment option are set out in the following table:

CSCri Cash	0%
CSCri Income Focused	0.06%
CSCri Balanced	0.06%
CSCri Aggressive	0.06%

Estimated borrowing costs in 2019-20 for the TRIS investment options are set out in the following table:

CSCri Cash	0%
CSCri Income Focused	0.06%
CSCri Balanced	0.06%
CSCri Aggressive	0.06%

## Activity fees

### *Family law fees*

A fee of \$150 for members and \$165 (\$150 plus GST) for non-members is payable upon initial request for family law related services for the preparation of a response to a request for superannuation information made in accordance with family law legislation. The fee covers the cost of the administrative work required to respond to these requests.

No fee is charged to split a member's account due to family law arrangements.

## Advice fees

### *Fee for service*

Members of CSCri have access to a personalised financial advice service. CSC's authorised financial planners provide a personalised service that takes your objectives, financial situation and needs into account.

It is 'fee for service' advice, which means you are required to pay for it. You will receive a fixed quote up front. There are no obligations, commissions or hidden fees – you know the exact cost upfront. We do not pay commissions to financial planners. CSC's authorised financial planners will always act in your best interests, even if that means recommending a financial product not provided by CSC.

## Buy-sell spreads

When we buy or sell investments, the Fund incurs costs such as brokerage and taxes. To ensure that other members do not bear the cost of these transactions, we pass this cost on to you when you contribute, withdraw or switch money between investment options. This is an additional cost to you, paid to cover the costs in undertaking the transactions.

We pass these costs on by using a buy-sell spread. A buy price applies when acquiring units (for example, when you acquire an account or switch into a new investment option). A sell price applies when selling units (for example, when you switch out of an investment option). There may be a difference between the buy and sell price (referred to as a buy-sell spread). Buy-sell spreads can change from time to time, although typically only by small amounts. No part of the buy-sell spread is paid to CSC or any underlying investment manager.

The table below shows the buy and sell spread for each investment option expressed as a percentage and shows worked examples;

Investment option	Buy spread	Sell spread	Worked example – buy spreads
Income Focused	0.135%	0.135%	x \$5 000 = \$6.75
Balanced	0.140%	0.140%	x \$5 000 = \$7.00
Aggressive	0.140%	0.140%	x \$5 000 = \$7.00
Cash	0%	0%	x \$5 000 = \$0
TRIS Income Focused	0.145%	0.145%	x \$5 000 = \$7.25
TRIS Balanced	0.150%	0.150%	x \$5 000 = \$7.50
TRIS Aggressive	0.150%	0.150%	x \$5 000 = \$7.50
TRIS Cash	0%	0%	x \$5 000 = \$0

## Changes to fees and costs

We may change fees and costs from time to time. We will let you know of any fee change that we believe will materially affect you at least 30 days before the change takes effect. Fees and costs can be changed without a member's consent.

## GST

All fees and costs in this section are inclusive of GST less any reduced input tax credits the Fund may be entitled to.

## Tax deductions

The benefit of any tax deductions, available in relation to administration fees paid by TRIS account holders, will be returned to TRIS account holders on or about the time that the fee is deducted.


## Example of annual fees and costs

This table gives an example of how the fees and costs for the CSCri Balanced investment option for this superannuation product can affect your superannuation investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

Example – CSCri Balanced investment option		Balance of \$50 000
Investment fees	0%	For every \$50 000 you have in the superannuation product you will be charged \$0 each year
PLUS Administration fees	\$240 per annum	And, you will be charged \$240 in administration fees regardless of your balance
PLUS Indirect costs for the superannuation product	1.13%	And, indirect costs of \$565 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 \$805 for the superannuation product.

Additional fees may apply.


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