



# Product Disclosure Statement

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Australian  
Defence Force  
Superannuation

### Contact us

If you would like us to send you a copy of this PDS or any additional information referred to, or if you have any questions about the content or ADF Super, call us on 1300 203 439 or contact us using the details located at the back of this publication.

# 1. About ADF Super

Australian Defence Force Superannuation Scheme (ADF Super or the Fund) (ABN 90 302 247 344, RSE R1077063) was established by the *Australian Defence Force Superannuation Act 2015* to provide superannuation services and products to current and former employees of the Australian Defence Force. ADF Super is a 'profit-for-members' accumulation fund which means that your super accumulates with investment earnings to form your retirement benefit, commissions are not paid and all net investment returns are returned to members – offering you a cost-efficient, long-term way to save for your retirement. ADF Super offers a MySuper product as well as choice products. Dashboards for each product can be viewed on the Investments page at [csc.gov.au](http://csc.gov.au)

Commonwealth Superannuation Corporation (referred to as CSC, we or us) (ABN 48 882 817 243, AFSL 238069, RSEL L0001397) offers, and is responsible for, all aspects of ADF Super including investment strategy, administration and member communications. With over 30 years of experience, CSC understands the employment conditions of Australian Defence Force employees.

CSC is licensed under the *Corporations Act 2001* and the *Superannuation Industry (Supervision) Act 1993*, and is the trustee of five regulated superannuation schemes: ADF Super, MilitarySuper, Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) and Public Sector Superannuation Accumulation Plan (PSSap), and administers six unregulated/exempt public sector schemes, including DFRDB and DFRB. For more information visit [csc.gov.au](http://csc.gov.au)

## Important note about this Product Disclosure Statement (PDS)

This PDS is a summary of significant information and contains a number of references to important information. Information marked with "!" forms part of the PDS. You should consider that information before making a decision about ADF Super. Other information referred to does not form part of this PDS. Any information in this document is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances. Information in this document may change from time to time. Information that is not materially adverse to you may be updated on our website, [csc.gov.au](http://csc.gov.au), or contact us for a free paper copy. You can find information about product dashboards, trustee and executive remuneration and other mandated disclosure materials (as required by law) in the About us section of the website.

The offer to which this document relates is available only to person eligible from 1 July 2016 to become a member of ADF Super under the *Australian Defence Force Superannuation Act 2015* receiving this document (electronically or otherwise) in Australia.

# 2. How super works

Superannuation (super) is a long-term way to save for your retirement which is, in part, compulsory and most people have the right to choose into which fund their employer should direct their superannuation guarantee contributions. Depending on when you retire, your retirement income may need to last for 20 years or more. Super funds pool members' contributions and invest them for the benefit of their members.

## Putting money into your super

ADF Super offers eligible members the opportunity to receive employer contributions, make voluntary contributions from either their before-tax (salary sacrifice) or after-tax salary and transfer in super from other superannuation funds. There are limitations on the contributions you can make to your super. You may, depending on your income, also be entitled to government co-contributions.

## Withdrawing your super

There are limitations on making withdrawals from your super. In most cases, you can only withdraw your super when you reach your preservation age and retire permanently from the workforce. However, you may be able to access your super or some component of it earlier in some cases.

## Super and tax

The government provides tax savings in relation to superannuation. For more information, go to [section 7](#).

# 3. Benefits of investing with the ADF Super

## Profit for members

ADF Super is a profit-for-members fund which means that we return all net investment returns to members.

## Competitive costs

ADF Super offers employees of the Australian Defence Force the ability to be part of the Government super environment together with a competitive fee structure. ADF Super pays no commissions to financial planners. There are, however, some fees and charges that we will deduct from your account. For more information, go to [section 6](#).

## Investment choice

You can choose to invest in one or more of four investment options – Cash, Income Focused, MySuper Balanced and Aggressive to suit your goals and risk tolerance. For more information, go to **section 5**.

## Level of employer contributions

We attract a level of employer contribution well above the superannuation guarantee. Under the current ADF Super rules, as a serving Defence personnel at least 16.4% of your super salary must be contributed to your account, subject to superannuation law.

## Continue Contributing after Service

ADF Super members serving\* as a member of the Permanent Forces or a continuous full-time reservist for more than 12 consecutive months, are eligible to continue contributing to their ADF Super account after they have discharged from the ADF.

*\*within the meaning of the [Australian Defence Force Superannuation Act 2015](#)*

## Insurance

Serving Defence personnel may be eligible for Death and invalidity benefits through ADF Cover.

Eligible members who have left the ADF will also be automatically provided with insurance designed exclusively with former Defence personnel in mind. This insurance, lifePLUS Protect, can give you and your dependants protection against financial burdens if you become sick or injured an unable to work. For more information, including eligibility, go to [csc.gov.au](#)

## Information

Our member communications program brings information to you at your place of work with educational seminars, email updates and online services at your fingertips.

You can reach us when you need to by email, phone, fax and letter, whichever is most convenient for you. For more information about ADF Super go to [csc.gov.au](#)

[ADF members have access to a 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 upfront. There are no obligations, commissions or hidden fees. To arrange an initial appointment please call 1300 277 777 during business hours. If you wish to find out more, please visit \[csc.gov.au/Members/Advice-and-resources/Financial-planning/\]\(#\)](#)

# 4. Risk of super

Super, like any investment, has some level of risk. Each of the investment options you can choose has exposure to a range of asset classes with different weightings and different risk levels. The likely investment return, and the level of risk of losing money, are different for each investment option depending on the underlying mix of assets. Those assets with potential for the highest return over the longer term (such as equities) may also have the highest risk of losing their value in the shorter term.

Risk can be managed and even minimised, but cannot be eliminated. No matter how skilled the investment manager, or how strong performance has been in the past, the value of investments and the level of returns will vary, and future returns may differ from past returns. Returns are not guaranteed and there is always a chance you could receive less than you invested. There is also a risk that the amount of your superannuation benefit (including contributions and returns) may not be enough to provide adequately for your retirement. Superannuation laws are also subject to change.

The opportunity to choose how you invest your super carries with it a responsibility to make well-informed decisions suitable to your personal objectives, financial situation and needs. The level of risk appropriate for each person will vary depending on a range of factors, including age, investment time frames, risk tolerance and other investments.

**Significant risks which may affect your super are outlined in the following table:**

Risk	Description
<b>Inflation</b>	Inflation may exceed the return on investment.
<b>Asset investment risk</b>	Individual assets we buy can change in value for many reasons, such as changes in its operating environment; management team; competitive landscape; enduring disruptions in its supply chain; technological disruption; changes in its consumer or stakeholder base; and evolution or disruption from ecosystem influences and other factors of production.
<b>Market risk</b>	Economic, technological, political or legal conditions, and even market sentiment, can change, and this can affect the value of investments.
<b>Interest rate risk</b>	Changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns.
<b>Currency risk</b>	We invest in other countries and if their currencies change in value relative to the Australian dollar, the value of the investment can change.
<b>Derivatives risk</b>	We may use derivatives to reduce risk or gain exposure to investment markets when we think it appropriate. Risks associated with these derivatives include the value of the derivative failing to move in line with the underlying asset, market or index.

<b>Counterparty risk</b>	Counterparty risk is the risk that the other party to a contract cannot meet its obligations under the contract. This may have a negative effect on the value of the investments in the Fund should this occur.
<b>Fund risk</b>	Risks particular to the Fund include that it could cease operation, fraud against CSC could occur, Board restructure and/or our investment professionals could change.
<b>Liquidity risk</b>	Assets that we invest in can become difficult to trade under certain market conditions.
<b>Insurance risk</b>	For eligible ADF Super members who have left the ADF, Death, total and permanent disability cover and income protection cover are obtained from a third party. There are risks that your insurance cover will not meet your individual needs or that the premiums deducted from your account may impact on the final retirement benefit you receive. You should read this PDS and the <b>Insurance and your ADF super</b> booklet available on our website to ensure that the insurance offered through ADF Super is appropriate for you.
<b>Super laws</b>	Changes are frequently made to superannuation law and may affect your investment and your ability to access it.
<b>Changes to tax</b>	Changes can occur to taxes on investments or super generally, which may affect the value of your investment

If you require assistance to understand investment risk and to determine the investment option which is right for you, please contact a licensed financial planner.

Further information about the risks of ADF Super (including the various investment options) is available in our [Investment options and risk booklet](#). You should read the important information about risks before making a decision. Go to [csc.gov.au](http://csc.gov.au). The material relating to risk may change between the time when you read this Statement, and the day when you acquire the product.

## 5. How we invest your money

We pool your super contributions with those of other members and invest it according to the investment options you choose.

### Your investment options

You can invest in one or more of four investment options – Cash, Income Focused, MySuper Balanced and Aggressive. You can change your investment options online or by completing the Investment choice form available on our website at [csc.gov.au](http://csc.gov.au)

When choosing an investment option you must consider the:

- amount of time your money will be invested before retirement;
- likely investment returns; and
- level of risk and fluctuation in the value of your investment that you can tolerate.

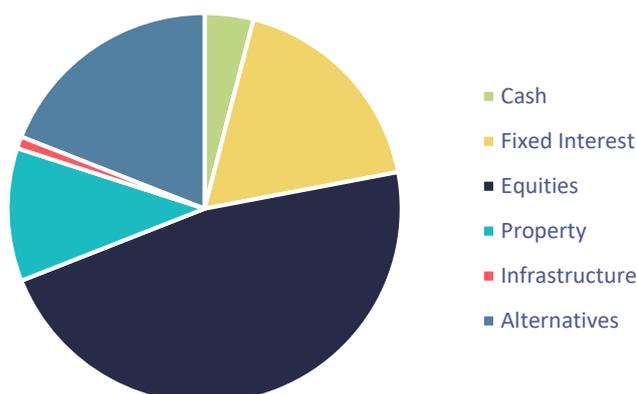
### MySuper Balanced – our default option

If you do not choose an investment option, we will invest your money in our default option, MySuper Balanced. This investment option invests across a range of asset classes and has a medium-to-high level of risk. The investment objective is to outperform the Consumer Price Index (CPI) by 3.5% per annum after fees and taxes over 10 years.

The MySuper Balanced option is designed to invest in different types of investments that tend to perform independently of each other. By diversifying in this way, MySuper Balanced reduces its reliance on equity market returns and aims to provide a smoother pattern of long-term returns.

This investment option may be suitable for those investors prepared to take more risk in exchange for potentially higher returns on their investment over the medium-to-long term. The minimum suggested time frame for holding this option is 10 years. With a medium-to-high risk rating (band five), it is estimated that the option will have a negative return (i.e. will lose value) in three to four years over any 20 year period.

The following graph sets out the type of assets that make up the MySuper Balanced option, their target and permitted range of asset allocations.



You should read the important information about all of the investment options before making a decision. Go to the **Investment**

options and risk booklet available at [csc.gov.au](http://csc.gov.au). The material relating to investment options may change between the time when you read this Statement 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 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 ([moneysmart.gov.au](http://moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options.\*\*

\*We are required by law to provide you with this information, however lower fees cannot be negotiated with the Fund.

\*\* The calculator on the ASIC website can be used to calculate the effect of fees and costs on account balances.

You should read the important information about all fees and other costs before making a decision. Go to the **Fees and other costs** booklet, which includes the definitions of fees referred to in this Statement, available at [csc.gov.au](http://csc.gov.au)

The material relating to fees and other costs may change between the time when you read this Statement and the day when you acquire the product.

### Fees and costs for MySuper Balanced

The main fees and costs involved in investing in MySuper Balanced are set out below. The information in this table can be used to compare costs between different superannuation products. Fees and costs are paid by you (for example, by deduction from your account) or from the Fund assets as a whole (including investment returns), depending on the fee or cost.

Type of fee	Amount*	How and when paid
Investment fee <sup>†</sup>	Nil	
Administration fee <sup>^</sup>	\$7 per month (\$84 per annum)	Charged monthly in arrears and deducted from your account at the beginning of the following month. This fee will be charged on a pro-rata basis for the time that you are a member of ADF Super.
Buy-sell spread	0.150%	Deducted from your account when you buy or sell units.
Switching fee	Nil for the initial nomination of investment options if made within 30 days of joining ADF Super. 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 MySuper product or investment option	Nil	No advice fees are deducted directly from your account. Advice on contribution levels, insurance needs and investment choice is available to members with no direct charge (this is known as 'intra-fund advice' or 'simple advice'). The cost of providing intra-fund advice is paid out of the Fund and is reflected in the indirect cost ratio.  If you obtain personal financial advice, you may be charged a 'fee for service' by your financial planner. Refer to the Fees and other costs booklet available at <a href="http://csc.gov.au">csc.gov.au</a>
Other fees and costs	Refer to Additional explanation of fees and costs in the <b>Fees and other costs</b> booklet	
Indirect cost ratio <sup>#</sup>	Estimated at 1.21% pa of the average net assets of the Default Fund.	Indirect costs are paid from or reduce the amount or value of the income or assets attributable to MySuper Balanced, or underlying vehicles through which it invests, and are reflected in the 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.

\* ADF Super fees cannot be negotiated.

† We do not charge any investment fees directly to your account. Rather, fees and costs relating to the investment of the assets attributable to MySuper Balanced (such as fees paid to investment managers, custodian costs, investment consulting costs and internal investment costs) are included as indirect costs, for the purpose of calculating the indirect cost ratio and are reflected in the unit price. They are not directly deducted from your account as a separate transaction.

# The indirect cost ratio is based on actual and estimated indirect costs incurred in the 2018/2019 financial year. Future costs may differ from those shown.

## Example of annual fees and costs

This table gives an example of how the fees and costs for the MySuper Balanced option for this superannuation 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 Balanced		Balance of \$50 000
Investment fees†	Nil	For every \$50 000 you have in the superannuation product you will be charged \$0 each year.
PLUS administration fees	\$84	And, you will be charged \$84 in administration fees regardless of your balance.
PLUS indirect costs for the superannuation product	1.21%#	And, indirect costs of \$605 each year will be deducted from your investment.
EQUALS Cost of the Fund		If your balance was \$50 000, then for that year you will be charged fees of \$689 for the superannuation product.

**Note:** \* Additional fees may apply.

## Changes to fees and costs

We may change these fees and costs from time to time without your consent. 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.

We do not pay commissions or adviser service fees to financial planners. However, you may pay 'fee for service' fees to a financial planner if you consult one. Refer to the Statement of Advice from your financial planner for more details.

# 7. How super is taxed

Super can be taxed in three ways:

- contributions going into a fund can be taxed;
- investment earnings of a fund can be taxed; and
- tax may be payable on the benefits you receive from a fund.

Investment earnings and benefits paid by the Fund are taxed at concessional rates and benefits for people over 60 are generally not taxed as ADF Super is a complying super fund for the purposes of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and Regulations.

This table provides an outline of the taxes that apply to super.

Example – MySuper Balanced		Balance of \$50 000
1. On your contributions (personal and employer)	Personal contributions paid from net income after tax where no tax deduction has been claimed.	<ul style="list-style-type: none"> <li>• Nil on amounts up to \$100 000 a year</li> <li>• 47% (including Medicare levy) on amounts more than \$100 000 a year.</li> <li>• For 2019-20, you may be able to make non-concessional contributions in a single year in excess of \$100 000 under bring-forward arrangement. To access the bring forward arrangement: <ul style="list-style-type: none"> <li>• You must be under 65 years of age for one day during the triggering year; and</li> <li>• You must have a total superannuation balance of less than \$1.5 million at the end of 30 June 2017.</li> <li>• For further information visit ato.gov.au</li> </ul> </li> </ul>
	Transfers from other funds (unless transferred amounts are from untaxed sources, such as employer eligible termination payments).	Nil 15% for transfers from an untaxed source.

	Employer contributions, salary sacrifice contributions and personal contributions paid from net income after tax where a tax deduction has been claimed.	15% tax on amounts up to \$25 000 (2019-20 year) and amounts more than \$25 000 will be taxed at your marginal tax rate, plus an excess concessional contributions charge.
	Contributions made to the ADF Super for you by your spouse or partner.	Nil Counted towards your non-concessional contributions cap.
2. On our investment earnings	Deducted from Fund earnings and reflected in daily unit prices.	Up to 15%
3. On your lump sum benefit payments	Benefit paid to you.	Up to 20% plus Medicare levy (generally not taxed if you are over 60).
	Benefit paid to your dependants as a result of your death.	Nil
	Benefit paid to a non-dependant as a result of your death.	15% plus Medicare levy

Under the *Superannuation Industry (Supervision) Act 1993*, CSC is authorised to collect, use and disclose your tax file number. We may disclose your tax file number to another superannuation provider when your benefits are being transferred, unless you request to us in writing that your tax file number not be disclosed to any other superannuation provider. Declining to quote your tax file number is not an offence, however giving your tax file number to us will have the following advantages:

- we will be able to accept all permitted types of contributions to your account/s;
- other than the tax that may ordinarily apply, you will not pay more tax than you need to - this affects both contributions to your superannuation and benefit payments when you start drawing down your superannuation benefits; and
- it will make it much easier to find different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

There will be tax consequences if you make contributions in excess of the applicable caps. You should supply your TFN as part of investing in ADF Super.

Tax in super is very complex and subject to change from time to time. This section of the PDS is only intended to provide a summary about the tax implications of super. We recommend that you seek advice from a licensed professional and refer to the ATO website [ato.gov.au](http://ato.gov.au)

You should read the important information about tax and your super before making a decision. Go to the Tax and your ADF super booklet available at [csc.gov.au](http://csc.gov.au). The material relating to tax may change between the time when you read this Statement, and the day when you acquire the product.

## 8. Insurance in your super

If you leave the ADF after 12 months continuous service or more as an ADF Super member you will generally be provided with insurance on an **opt-out basis** (subject to eligibility conditions). If you do not want this cover, you need to contact us to cancel your cover. The insurance provided, lifePLUS Protect, is designed exclusively with former Defence personnel in mind and can help give you and your dependants protection against financial burdens if you become sick or injured and unable to work.

### lifePLUS Protect – default Death and TPD cover

lifePLUS Protect default cover for Death and Total Permanent Disablement (TPD) is the default insurance for ADF Super members who have left the ADF and satisfy the eligibility conditions from 6 July 2020. Cover is generally available without having to complete any application forms or medical tests.

lifePLUS Protect default Death and TPD cover is generally provided automatically to ADF Super members who have completed 12 months continuous service or more (and satisfy the eligibility conditions) on an opt out basis.

If eligible, you will receive an age-based scale of Death and TPD cover (that is, a level of cover that changes depending on your age). You also receive support in the case you suffer a terminal illness with any level of death cover able to be accessed early on certification by two medical practitioners.

### lifePLUS Protect Choice – Voluntary Income Protection and Death and TPD cover

Eligible ADF Super members who have left the ADF may also apply to receive income protection benefits through lifePLUS Protect. If your application is accepted, you will receive income protection benefits for up to 2 years consisting of 75% of your Income, and an additional 10% of your Income paid into your ADF Super account to help you continue to build for your retirement.

If you hold lifePLUS Protect default Death and TPD cover, you can choose to fix your cover or apply for additional fixed cover at any stage subject to underwriting. By doing this, you will transfer to lifePLUS Protect Choice voluntary Death and TPD cover. You can also apply for lifePLUS Protect Choice voluntary Death and TPD cover if you are not eligible for default Death and TPD cover.

## There are costs associated with insurance

For lifePLUS Protect members receiving default Death and TPD cover, the annual cost ranges from \$0.73 to \$53.31 per \$1 000 sum insured, depending on your age.

For lifePLUS Protect Choice members receiving voluntary income protection insurance cover, premiums can range from \$2.14 to \$120.56 per \$100 monthly benefit (members aged 64). The cost of income protection insurance depends on your age, level of cover and your waiting period before you receive benefits in the event of a successful claim.

Information about the various premiums relating to lifePLUS Protect cover (and how insurance premiums generally are paid from your account) are available in the **Insurance and your ADF super** booklet.

In addition to premiums, all members who have insurance cover will pay an insurance fee of \$1.50 per month (\$18 pa). This fee is charged on a pro rata basis and relates to costs incurred by CSC in relation to the provision of insurance for members of ADF Super.

## Changing or cancelling your insurance

At any stage you may request to change the amount of cover you have for Death and TPD or you can apply for Income Protection cover.

To do this you will need to complete a full insurance application and undergo underwriting.

To make changes or apply for additional cover, please log into your ADF Super Member Online and complete the Insurance variation form

At any stage you can opt out of, or cancel, lifePLUS Protect Death and TPD cover, Death only cover, or Income Protection cover by calling us on **1300 203 439** and completing the appropriate form.

Unless you opt out of insurance cover, where you are provided with insurance on a default basis the cost of the cover will be deducted from your account.

You should read the important information about insurance, including information about:

- the level and type of optional insurance cover
- actual costs of insurance cover
- factors that may affect your entitlement to cover, including eligibility for, and cancellation of, cover and the conditions and exclusions applicable, and
- other significant matters, before making a decision and to ensure that the insurance offered through ADF Super is appropriate for you. Go to the Insurance and your ADF super booklet available at [csc.gov.au/Members/Advice-and-resources/Product-Disclosure-Statement/](http://csc.gov.au/Members/Advice-and-resources/Product-Disclosure-Statement/). The material relating to insurance may change between the time when you read this PDS, and the day when you acquire the product.

# 9. How to open an account

ADF Super is the default fund for most employees of the Australian Defence Force from 1 July 2016. Eligible members automatically become a member unless they choose to join another fund.

## Making a complaint about your super

Call us on **1300 203 439**. If you're not satisfied with the response, ask to speak to a supervisor. If you still feel the issue has not been explained or resolved to your satisfaction, ask to be transferred to the ADF Super Complaints Officer or write to the ADF Super Complaints Officer at the address provided below or by email to [complaints@adfsuper.gov.au](mailto:complaints@adfsuper.gov.au)

## How we will communicate with you

Where we have your email address or mobile phone number, we'll communicate with you electronically unless you specifically request otherwise. Electronic communication means we'll keep you informed about important aspects of your super by email. Where we do not have your email address, we'll communicate with you by text. If we do not have either your email address or mobile phone number, we'll send paper communications to your mailing address. You can check and update your communication preferences through ADF Super Member Online or by contacting us on **1300 203 439** or by email at [members@adfsuper.gov.au](mailto:members@adfsuper.gov.au)

## Privacy

We're committed to protecting your privacy. We collect your personal information for the purposes of providing superannuation services to you, improving our products and to keep you informed. We will only share your personal information where necessary for providing superannuation services to you. This may include disclosing your personal information to our scheme administrator, service providers or government or regulatory bodies. Your personal information may be accessed overseas by our service providers. Please see our privacy policy for full details.

Your personal information will not be otherwise used or disclosed unless required or permitted under law. A full copy of our privacy policy as well as the privacy complaint process is available at [csc.gov.au/Members/Privacy-policy/](http://csc.gov.au/Members/Privacy-policy/)



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