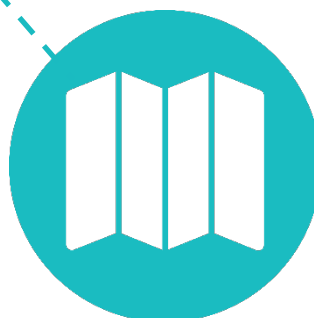




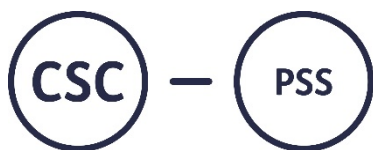
Australian Government

Commonwealth Superannuation Corporation

Update to PSS fees and costs



18 May 2021



Public Sector
Superannuation
Scheme

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 PSS in general, call us on **1300 000 377** 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 **PSS Product Disclosure Statement, Tenth Edition (PDS)** and the **PSS Fees and other costs** booklet, both of which were issued on 6 December 2019.

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

This update was issued by CSC on 18 May 2021. If you have any questions about this update, please call us on **1300 000 377**.

1. Changes to fees and costs in the PSS PDS

Changes to the indirect cost ratio for the Balanced investment option shown on page 5 of the **PDS**, are indicated in **red** text below.

Fees and costs for the Default Fund investment option

As a member of the PSS you do not pay any administration, switching or any other ongoing administration fees as these costs are covered by your employer (or your former employer if you are a preserved member).

The main fees and costs involved in investing in the Default Fund are set out in the table on the following page. The information in this table can be used to compare costs between different superannuation products. Fees and costs are paid by you or from the Fund assets as a whole (including investment returns), depending on the fee charged.

Type of fee	Amount*	How and when paid
Investment fee [†]	Nil	
Administration fee	Nil	
Buy-sell spread	Nil	
Switching fee	Nil	
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 the Fees and other costs booklet available at csc.gov.au
Other fees and costs	Refer to Additional explanation of fees and other costs in the Fees and other costs booklet available at csc.gov.au	
Indirect cost ratio [#]	Estimated at 1.19% pa of the average net assets of the Balanced investment option.	Indirect costs are paid from or reduce the amount or value of the income or assets attributable to the Balanced investment option, or underlying vehicles through which it invests, and are reflected in the unit price each business day.

* PSS 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 the Default Fund (these include fees paid to investment managers, custodian costs, investment consulting costs and internal investment costs) are included in indirect costs, for the purpose of calculating the indirect cost ratio, and are reflected in the earning rate. 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 **2019-20** financial year. Future costs may differ from those shown.

2. Changes to fees and costs in the Fees and Other Costs booklet

Changes to the indirect cost ratios and their accompanying footnote shown on page 2 of the PSS **Fees and other costs** booklet are indicated in **red** text below.

The main fees and costs involved in investing in the investment options are set out below.

Type of fee	Amount	How and when paid
Investment fee ¹	Nil Refer to Additional explanation of fees and costs .	
Administration fee ¹	Nil	
Buy–sell spread	Nil	
Switching fee	Nil	
Advice fees relating to all members investing in a particular superannuation 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 Additional explanation of fees and costs below.	
Indirect cost ratio	Default Fund Estimated at 1.19% pa of the average net assets of the Default Fund. Cash Investment Option Estimated at 0.08% pa of the average net assets of the Cash Investment Option.	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

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

Changes to the performance based fees, transactional and operating costs, property operating costs and borrowing costs on pages 3 and 4 of the **Fees and other costs** booklet are indicated in **red** text below.

Performance based fees

We pay performance based fees to some of the investment managers. If, and only if, the performance of an investment manager exceeds certain benchmarks, they will 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 Default Fund. In the **2019–20** financial year the following estimated performance based fees were paid and are reflected in the indirect cost ratio estimates:

Default Fund	0.37%
Cash	0%

Please note that the amount of performance based fees previously paid may not be indicative of the amounts of performance based fees that may be payable in the future.

The estimates of performance based fees reflected in earning rates 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 earning rates. The following table sets out the estimated transactional and operational costs for the Default Fund and the Cash Investment Option in the 2019–20 financial year.

Default Fund	0.18%
Cash	0%

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 earning rates. Estimated property operating costs in the 2019–20 financial year for each investment option are set out in the following table.

Default Fund	0.14%
Cash	0%

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 earning rates. Estimated borrowing costs in the 2019–20 financial year for the Default Fund and the Cash Investment Option are set out in the following table.

Default Fund	0.06%
Cash	0%



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