



# Fees and other costs

Issued 6 December 2019

**!** The information in this document forms part of the Product Disclosure Statement for the Public Sector Superannuation Scheme (PSS), issued on 6 December 2019, tenth edition.

**!** 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.

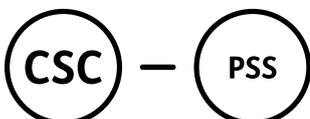
\*\* The calculator on the ASIC website can be used to calculate the effect of fees and costs on account balances.

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, advice fees for personal advice, may also be charged, but these will depend on the nature of the activity or advice chosen by you. Entry and exit fees cannot be charged.

Taxes are set out in the **Tax and your PSS super** booklet available at [csc.gov.au](http://csc.gov.au)

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



Public Sector  
Superannuation  
Scheme

As a PSS member 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 benefit member). 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	Nil Refer to <b>Additional explanation of fees and costs.</b>	
Administration fee	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 <b>Additional explanation of fees and costs.</b>
Other fees and costs	Refer to <b>Additional explanation of fees and costs.</b>	
Indirect cost ratio <sup>#</sup>	<b>Default Fund</b> Estimated at 1.21% pa of the average net assets of the Default Fund. <b>Cash Investment Option</b> 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 earning rates each business day.

<sup>#</sup> 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.

## Additional explanation of fees and costs

### Defined fees

#### Activity fees

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

- a. the fee relates to costs incurred 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 a 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 dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

## 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** is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity:

- a. for a MySuper Product, from one class of beneficial interest in the entity to another; and
- b. for superannuation products other than a MySuper product, 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 to 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 earning rate. They are not directly deducted from your account as a separate transaction.

## Operational risk financial requirement

The operational risk reserve forms an additional cost which has a minor impact on investment earnings. Funding and maintenance of an operational risk reserve is a requirement of the Australian Prudential Regulation Authority. For more information about the operational risk reserve, go to the **Investment options and risk** booklet available at [csc.gov.au](http://csc.gov.au)

## 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 2018-19 financial year the following estimated performance based fees were paid and are reflected in the indirect cost ratio estimates:

Default Fund	0.44%
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 2018–19 financial year.

Default Fund	0.15%
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 2018-19 financial year for each investment option are set out in the following table.

Default Fund	0.16%
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 2018–19 financial year for the Default Fund and the Cash Investment Option are set out in the following table.

Default Fund	0.04%
Cash	0%

## Activity fees

### Family law information request

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

## Advice fees

### Fee for 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 will need 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 up front. 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.

To arrange an initial advice 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](http://csc.gov.au/Members/Advice-and-resources/Financial-planning)

### Changes to fees and costs

We may change these 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

Any tax deductions are reflected in the investment returns of the fund and not in the form of reduced fees and costs. For more information on tax refer to the **Tax and your PSS super** booklet available at [csc.gov.au](http://csc.gov.au)

 Email  
[members@pss.gov.au](mailto:members@pss.gov.au)

 Phone  
1300 000 377

 Financial Advice  
1300 277 777

 Post  
PSS  
GPO Box 2252  
Canberra ACT 2601

 Web  
[csc.gov.au](http://csc.gov.au)

 Overseas Callers  
+61 2 6192 9503

 Fax  
(02) 6275 7010