Australian Government
Commonwealth Superannuation Corporation

Product Disclosure Statement

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Contents

CSC — PSS Public Sector Superannuation Scheme

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 the PSS, call us on **1300 000 377** or contact us using the details located at the back of this publication.

1. About the PSS

The Public Sector Superannuation Scheme (PSS or the Fund) (ABN 74 172 177 893, RSE R1004595) was established under the *Superannuation Act 1990*, exclusively for employees of the Australian Government and other participating employers. Membership of PSS closed to new members from 1 July 2005. However, if you are a PSS preserved member or PSS invalidity pensioner and you return to eligible employment you may be able to rejoin PSS as a contributing member.

PSS is a defined benefit super fund, with an accumulation component for any members with transferred amounts and/or government contributions. The principal benefit available to contributing members is defined by their final average salary and accrued benefit multiple. Preserved and associate members are in an accumulation phase where funded parts of their super benefits are impacted by fund performance and they can invest in the **Default Fund** or **Cash Investment Option**. Former spouses or partners of PSS members may become associate members as the result of a Family Court splitting order.

In addition to your PSS retirement benefit, which can generally be taken as a lump sum and/or a pension, PSS offers partial invalidity, invalidity retirement and death benefits at no cost. See **sections 3** and **8** for more details.

PSS is managed by CSC (ABN 48 882 817 243, AFSL 238069, RSEL L0001397). CSC is licensed under the *Corporations Act 2001* and the *Superannuation Industry (Supervision) Act 1993*. It is the trustee of five regulated superannuation schemes: PSS, the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation accumulation plan (PSSap), the Australian Defence Force Superannuation Scheme (ADF Super) and MilitarySuper. CSC also administers six unregulated/exempt public sector schemes.

With over 30 years of experience, CSC is responsible for all aspects of PSS, including investment strategy, administration and member communications. For more information visit **csc.gov.au/pss**

! 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 referred to with ! forms part of the PDS. You should consider that information before making a decision about PSS.

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**, or contact us for a free paper copy. You can find information about product dashboards, director and executive officer remuneration and other mandated disclosure materials (as required by law) in the **About CSC** section of the website.

The offer to which this document relates is available only to persons eligible to become a member of PSS under the *Superannuation Act 1990*, receiving this document (electronically or otherwise) in Australia.

2. How super works

Superannuation (super) is a long–term way to contribute for your retirement which is, in part, compulsory and most people have the right to choose into which super entity their employer should direct their super guarantee contributions.

Putting money into your super

Only contributing members can put money into their super or receive employer contributions. The benefit provided to contributing members of PSS is defined by the final average salary and an accrued benefit multiple.

In the PSS your employer makes contributions in two different ways:

- a fortnightly contribution (plus interest) – the productivity component, and
- an employer component that is calculated when you cease contributing to PSS.

Contributing members can choose to make no contributions or to contribute any whole percentage rate between 2% and 10% of their fortnightly super salary. Contribution rates can be changed at any time to suit your financial needs.

The amount you contribute affects your benefit. If you elect to make no contributions your employer-financed component will accrue at a reduced rate during the period you are not contributing. As a result, this will reduce any future benefits that might be payable.

Member contributions, post 1 July 1990 productivity contributions, amounts transferred to PSS and any super co-contributions, low income superannuation contributions (LISC) or low income superannuation tax offset (LISTO) are affected by investment performance. However, investment performance does not affect a contributing member's defined benefit.

Please note that there are limitations on the contributions you can make to your super and 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 and what form you can withdraw it in (a pension, lump sum or a combination of these). In most cases, you can only withdraw your super after reaching preservation age and permanently retiring from the workforce. However, you may be able to access your super or some component of it earlier in some cases.

For more information on your PSS retirement benefit refer to the various factsheets available on our website. You are encouraged to refer to this information as it is an important component of your benefit and can be complex.

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 PSS

Competitive costs

Employers contribute toward the costs of administering PSS, which means that no administration fees are deducted from your account. PSS pays no commissions to financial advisers. There are, however, some fees and charges. For more information, go to **section 6**.

Investment choice

The **Default Fund** or the **Cash Investment Option** are available to preserved and associate members. There is no choice of investment option for contributing members as the defined part of the benefit is unaffected by investment performance. For more information, go to **section 5**.

Invalidity and death benefits

PSS offers partial invalidity, invalidity retirement and death benefits at no cost. Additional death and invalidity cover is also available for contributing members who are unable to reach their maximum benefits limit at a relatively low cost. For more information, go to **section 8**.

Information

Our member communications program brings information to you at your place of work with educational workshops, 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.

Understanding your employment conditions

We work closely with employers for the benefit of members. CSC has extensive experience in providing superannuation services to employees of the Australian Government and participating employers.

Financial advice

PSS members have access to a financial 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. 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/**

For more information about PSS go to **csc.gov.au**

PSSap Ancillary membership

Salary sacrifice and post-tax contributions as well as amounts transferred from other superannuation accounts can be made into the PSSap (as an Ancillary Member) by PSS members currently employed by the Australian Government, or other eligible employers. For more information, or for a copy of the PSSap PDS, go to **csc.gov.au**. You should consider the PSSap PDS before making a decision.

CSC retirement income (CSCri)

PSS members can also open a CSCri account using amounts from their PSS account and/or money from other superannuation accounts to take up a standard or transition to retirement income stream. For more information, or for a copy of the CSCri PDS go to **csc.gov.au**. You should consider the CSCri PDS before making a decision.

4. Risks of super

Transferred amounts, super co-contributions, LISC, LISTO and the member and productivity components of preserved and associate member accounts (accumulation components), like any investment, have some level of risk. The accumulation components of your super will be invested in investment options which have 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 potentially 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 applying to your accumulation component 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 on your accumulation component) 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 the accumulation components of your super are outlined in the following table.

Risk	Description
Inflation	Inflation may exceed the return on investment.
Asset investment risk	Individual assets we buy can fall in value for many reasons, such as changes in the internal operations or management of a fund or company we invest in, or in its business environment.
Market risk	Economic, technological, political or legal conditions, and even market sentiment, can change, and this can affect the value of investments.
Interest rate risk	Changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns.
Currency risk	We invest in other countries and if their currencies change in value relative to the Australian dollar, the value of the investments can change.
Derivatives risk	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.
Counterparty risk	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.
Fund risk	Risks particular to the fund include that it could cease operation, that fraud against CSC could occur, Board restructure and/or our investment professionals could change.
Liquidity risk	Assets that we invest in can become difficult to trade under certain market conditions.
Insurance risk	Additional death and invalidity cover is obtained from a third party. There are risks that the additional death and invalidity cover does not meet your individual needs. You should read this PDS and the **Death and invalidity benefits** booklet available on our website at **csc.gov.au** to ensure that you are eligible and that the cover is right for you.
Super laws*	Changes are frequently made to superannuation law and may affect your benefit and your ability to access it.
Changes to tax*	Changes can occur to taxes on investments or super generally, which may affect the value of your investment or benefit.

* These risks also apply to the defined benefit component of the PSS.

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

! Further information about the risks of the PSS (including the investment options) is available on our website. You should read the important information about risk before making a decision. Go to the **Investment options and risk** booklet available at **csc.gov.au/Members/Advice-and-resources/Product-Disclosure-Statement/** 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

Preserved and associate members have the option of investing in either the Default Fund or Cash Investment Option. If they do not make an investment choice, their accumulation components are invested in the Default Fund. There is no investment choice for contributing members as the defined part of the benefit is unaffected by investment performance. Contributing members have their member and productivity contributions, transfer amounts and co-contributions (accumulation components) invested in the Default Fund.

! When choosing an investment option preserved and associate members must consider the:

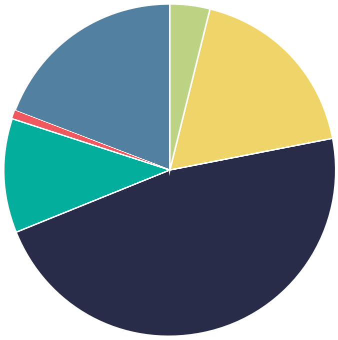
- amount of time the money will be invested before retirement
- likely investment returns
- level of risk and fluctuation in the value of the investment that you can tolerate.

Default Fund

The investment objective of the Default Fund is to outperform the Consumer Price Index (CPI) by 3.5% per annum, after fees and taxes, over 10 years.

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 Default Fund option, their target and permitted range of asset allocations.



You should read the important information about the investment options before making a decision. Go to the **Investment options and risk** booklet available at **csc.gov.au/Members/Advice-and-resources/Product-Disclosure-Statement/**. 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**) 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.

Fees and costs for the Default Fund

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	
Exit 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 costs** in the **Fees and other costs booklet** available at **csc.gov.au**	
Indirect cost ratio#	Estimated at 1.21% pa of the average net assets of Default Fund.	Indirect costs are paid from or reduce the amount or value of the income or assets attributable to the Default Fund, or underlying vehicles through which it invests, and are reflected in the Default Fund earning rates 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 2018/2019 financial year. Future costs may differ from those shown.

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 advisers. However you may pay 'fee for service' fees to a financial adviser if you consult one. Refer to the Statement of Advice from your financial adviser for more details.

! You should read the important information about 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** 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.

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.

Tax on contributions

Member contributions paid to the PSS are paid from your after-tax income and are generally not subject to contributions tax. These contributions are known as non-concessional contributions for tax purposes.

Employer productivity contributions are taxed at 15% – tax is deducted from the contributions when we receive them from your employer. These contributions are known as concessional contributions for tax purposes.

Transfers from other funds into the PSS will not be taxed at the time of the rollover, except where the rollover contains an untaxed component, which will be taxed at 15%.

Tax on fund earnings

Investment earnings and benefits paid by the fund are taxed at concessional rates as the PSS is a complying superannuation fund for the purposes of the *Superannuation Industry (Supervision) Act 1993 (SIS Act)* and Regulations. Earnings are taxed at a concessional tax rate of 15%.

The effective rate of tax incurred may actually be less than this because superannuation funds receive a capital gains tax discount on some capital gains as well as franking credits.

Tax on benefits

Tax may be payable when you receive a benefit from the Fund. The amount of tax payable on your benefit will depend on factors such as your age, the type of benefit, whether the benefit is sourced from contributions paid into the PSS and earnings on those contributions (taxed source) or from other sources (untaxed source).

Benefits can be paid as a lump sum, pension or a combination of both. Go to the **Tax and your PSS super** booklet available at **csc.gov.au** for more information on the rate of tax payable, as the rate of tax payable depends on many factors.

Tax file number (TFN)

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.

! You should supply your TFN as part of investing in the PSS.

There will be tax consequences if you make superannuation contributions in excess of the applicable caps.

You will also be charged excess tax if the total of your contributions across all your superannuation accounts exceed the contribution caps.

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**

You should read the important information about tax and your super benefit before making a decision. Go to the **Tax and your PSS super** booklet available at 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

Death, partial invalidity and invalidity retirement benefits are available through PSS to help protect your current lifestyle and provide for you or your family in the event of sickness, injury or death. These benefits are a feature of your PSS membership and are provided at no cost – you do not need to apply and you cannot cancel your benefit entitlement. Additional death and invalidity cover is also available at a relatively low cost for contributing members who are unable to reach their maximum benefit limit, subject to the requirements outlined below.

Invalidity retirement benefits

If you are approved for invalidity retirement your benefit will usually be based on your entitlement had you worked to age 60. Benefits for contributing members after reaching age 60 are based on the age retirement pension that would have been payable. Benefits for preserved and associate members are based on the value of the preserved entitlement at the date of claim.

The calculation of an invalidity retirement benefit for contributing members under age 60 depends on a number of factors, including:

- your final average salary;
- your accrued benefit multiple at retirement;
- a multiple based on what would have accrued had contributions continued to age 60 (prospective multiple), at the greater of 5% or the average percentage rate contributed over the 78 pay days (total pay days, if less) prior to commencing long-term sick leave or retiring;
- the maximum benefit limit; and
- whether you have been classified as a limited or full benefits member.

Partial invalidity benefit

A partial invalidity pension is a form of income maintenance. It is paid as a pension when your salary is permanently reduced due to a medical condition.

A partial invalidity pension is paid in addition to your reduced salary, and is worked out using a formula which takes into account the amount you would have received if you were entitled to a full invalidity pension and your salary before and after you became entitled to a partial invalidity pension. It is not a top up of your existing salary, but rather a percentage of the permanent reduction.

A partial invalidity pension is not paid where a member:

- has reached maximum retiring age (usually 65);
- has less than three years membership and/or is a limited benefits member;
- ceases to be a PSS member;
- is entitled to compensation under a Commonwealth or State or Territory law providing for worker's compensation; or
- if the medical condition has been caused by willful action for the purpose of obtaining an invalidity benefit.

A partial invalidity pension is cancelled when a member ceases to be an eligible employee or the rate of salary (not including the partial invalidity pension) becomes equal to or greater than the updated salary received before invalidity retirement or the pre-reduction rate of salary.

Death benefits

Benefits are payable to your spouse and/or children should you die while you are a contributing or preserved member, or after retirement provided you were receiving a PSS pension. If no eligible spouse or children exist, a lump sum may be payable to any of your children otherwise considered ineligible, or your estate.

If you die while you are a contributing member and were not a limited benefits member, the pension payable to your eligible spouse and/or children will be a percentage of the invalidity pension that would have been payable had you retired on invalidity grounds.

If you die as a preserved member, the benefit payable is a lump sum of your preserved benefit as accrued to the date of death. All or some of this amount may be eligible to be converted to a pension.

If you die as a PSS pensioner, a percentage of the pension will revert to an eligible spouse and/or children.

The percentage payable also depends on whether you chose the higher dependant pension option at the time of retirement.

Additional death and invalidity cover

Additional death and invalidity cover is available to contributing members who cannot achieve the maximum death and invalidity coverage that would be available through PSS. Cover cannot exceed your potential maximum benefit limit. Cover is provided by AIA Australia Limited ('the insurer') (ABN 79 004 837 861, AFSL 230043).

The cost of additional cover is inexpensive when compared with similar cover taken privately as part of the cost is contributed by your employer and is provided at group rates. The annual cost of cover for a standard risk member ranges from $0.19 to $10.91 per $1 000 sum insured, depending on your age.

Your employer will contribute half of the rate if you are a standard risk (that is, you are identified to be of good health and do not engage in hazardous pursuits). You pay the balance, deducted directly from your pay each fortnight. If you are identified to be a non-standard risk member, you may need to pay any extra premium (directly from your salary each fortnight) as determined by the insurer.

The amount paid by the employer will count towards your concessional contributions cap and the amount paid by you will count towards your non-concessional contribution cap.

Cover ceases in certain circumstances, including:

- when you cease employment with an eligible employer;
- when you reach age 60;
- when notifying us that you no longer want to be covered; and
- on the date you effect a death cover Continuation Option with the insurer.

To apply for cover, complete the Election to take out or vary additional death and invalidity cover form and send to us for assessment.

! You should read the important information about death and invalidity benefits and additional death and invalidity cover before making a decision. The Death and invalidity benefits booklet provides important information on your death and invalidity benefits including eligibility requirements, applicable conditions and exclusions and entitlements. It also outlines how to change or cancel additional death and invalidity cover, the amount and costs of that cover, eligibility requirements and the applicable conditions and exclusions. Go to **csc.gov.au**

The material relating to death and invalidity benefits and additional death and invalidity cover may change between the time when you read this Statement and the day when you acquire the product.

9. How to open an account

PSS closed to new members on 1 July 2005. However, if you are a PSS preserved member or PSS invalidity pensioner and you return to eligible employment you may be able to rejoin PSS as a contributing member, provided you meet the eligibility requirements. To rejoin PSS you will need to contact your employer.

How we will communicate with you

Where we have your email address or mobile phone number, we will communicate with you electronically unless you specifically request otherwise. Electronic communication means we will keep you informed about important aspects of your super by email. Where we do not have your email address, we will communicate with you by text. If we do not have either your email address or mobile phone number, we will send paper communications to your mailing address. You can check and update your communication preferences through PSS Member Services Online (MSO) or by contacting us on **1300 000 377** or by email at **members@pss.gov.au**

Making a complaint about your super

Call us on **1300 000 377**. If you are 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 PSS Customer Care or write to PSS Customer Care at the address provided below or by email at **customercare@csc.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 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/**