

# Fees and Costs

## Defence Bank Super

This fact sheet details all the fees and costs that may apply to your Defence Bank Super account. It's designed to be read in conjunction with the Defence Bank Super Product Disclosure Statement and is subject to review from time to time.



### 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'd 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 ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options. The calculator contained on the Australian Securities & Investments Commission (ASIC) website can be used to calculate the effect of fees and costs on your account balance.

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 and insurance fees may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you. Entry fees and exit fees cannot be changed. Taxes, insurance fees and other costs relating to insurance are set out in another part of this document. You should read all the information about fees and other costs because it is important to understand their impact on your investment. The fees and costs for each investment option offered by the entity, are set out on page 6 and 7.

Advice fees are not applicable for this product.



## Fees and other costs table

Defence Bank Super		
Type of fee	Amount	How and when paid
<b>Investment fee<sup>1</sup></b>	N/A	N/A (however indirect investment costs are included in the indirect cost ratio).
<b>Administration fee<sup>1</sup></b>	<p>\$30 p.a.</p> <p><b>PLUS</b> between an estimated 0.6243% and 0.6430% per annum of an option's assets depending on your investment option.</p> <p><b>PLUS</b> (For members invested in term deposits) \$200 p.a.</p>	<p>Deducted from your account in arrears at the end of the month or on account closure.</p> <p>Deducted from the relevant option's assets before unit prices for the option are calculated (usually daily). It is not deducted directly from your account.</p> <p>The term deposit administration fee is deducted from your account monthly (if applicable) regardless of the amount of Term Deposit investments you hold.</p>
<b>Buy-sell spread</b>	The buy cost or sell cost is estimated between 0.00% and 0.12% depending on your investment option.	The cost will be reflected in the buy or sell price of the investment option.
<b>Switching fee</b>	<p>For investment options other than Term Deposits 3 free switches per financial year.</p> <p>\$25 for each switch thereafter in the financial year.</p>	Deducted from your account for the 4th and any subsequent switch in a year.
<b>Advice fees</b> Relating to all members investing in a particular investment option	Nil	N/A
<b>Other fees and costs<sup>2</sup></b>	Various	Deducted from your account after an activity triggering an activity fee occurs or, monthly in arrears, if you have insurance cover
<b>Indirect cost ratio<sup>1, 3</sup></b>	Estimated between 0.00% to 0.3775% per annum of an option's assets depending on the investment option(s).	Indirect costs are deducted outside the Fund before an investment option's returns are received by the Fund and are reflected

<sup>1</sup> If your account balance for a product offered by the CUBS Superannuation Fund is less than \$6,000 at the end of the entity's financial year (30 June), the total combined amount of investment fees, administration fees and indirect costs charged to your is capped at 3% of the account balance. Any amount in excess of that cap must be refunded.

<sup>2</sup> Other fees and costs, such as activity fees or insurance fees, may apply. Refer to the 'Additional Explanation of Fees and Costs section' overleaf for further information. Example of annual fees and costs.

<sup>3</sup> The ICR is an estimate for the 2018/19 financial year, based on the estimated investment related costs incurred for the 12 months ended 30 June 2018. Actual costs may vary depending on the investment option(s) you choose. It may change from year to year. If actual costs vary considerably from this estimate, the estimate will be updated.

### Example of annual fees and costs

This table gives an example of how the fees and costs in the Balanced investment 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. The example is based on the Balanced investment option because this is the option in which most assets of the Fund are invested.

Example - the Balanced Option		Balance of \$50,000
Investment fee	N/A	For every \$50,000 you have in the superannuation product you will be charged \$0 each year
<b>PLUS</b> Administration Fees	\$30 (\$2.50 per month) + 0.6336%	<b>And</b> , you will be charged \$30 in administration fees regardless of your balance plus \$316.80 depending on your balance
<b>PLUS</b> Indirect costs for the superannuation product	0.1550%	<b>And</b> , indirect costs of \$78 each year will be deducted from your investment
<b>EQUALS</b> Cost of product		If your balance was \$50,000, then for that year you will be charged fees of: \$424.80* for the superannuation product

\* Additional fees may apply and, if you leave the Fund, you may be charged a buy-sell spread which may also apply whenever you make a contribution, exit, rollover or investment switch. The sell spread for exiting is an estimated 0.06% (this will equal \$30 for every \$50,000 you withdraw).

**Important note:** The fee example shown is prescribed by government legislation and provides an estimate of total costs that may be incurred in a year. Actual fees and costs (including indirect costs) may be higher than estimated fees and may be met from Fund assets. The example does not include switching fees and buy/sell spreads which may be incurred for investment switches or redemptions during the year. When comparing the above fee example with examples shown for other superannuation products you should take into account the nature of the investment option that is used in the fee example.

## Defined fees

### Activity fees

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

- (a) the fee relates to costs incurred by 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.

For information about the activity fees applicable to Defence Bank Super refer to the **Additional explanation of fees and costs** below.

### 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.

For information about the administration fees applicable to Defence Bank Super refer to the **Additional explanation of fees and costs** below.

### 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 provision of fi 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.

Defence Bank Super does not charge advice fees.

### 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.

For information about buy-sell spreads applicable to Defence Bank Super refer to the **Additional explanation of fees and costs**.

### 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 interest in a superannuation entity.

### Indirect cost ratio

The **indirect cost ratio (ICR)**, for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option.

**Note:** A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

For information about the ICRs applicable to Defence Bank Super's investment options, refer to the **Additional explanation of fees and costs**.

## Insurance fees

A fee is an **insurance fee** if:

- a) the fee relates directly to either or both of the following:
  - i. insurance premiums paid by the trustee of a superannuation entity in relation to a member or members of the entity;
  - ii. costs incurred by the trustee of a superannuation entity in relation to the provision of insurance for a member or members of the entity; and
- b) the fee does not relate to any part of a premium paid or costs incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and
- c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an advice fee.

## 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.

There are no investment fees in Defence Bank Super, however indirect costs associated with underlying investments (included in the ICR) apply.

## Switching fee

A **switching fee** 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.

For information about switching fees applicable to Defence Bank Super's investment options, refer to the **Additional explanation of fees and costs** below.

## Additional explanation of fees and costs

The following provides additional information about the fees and costs as set out in the **Fees and Other Costs** Table.

## Indirect Cost Ratio

An estimated indirect cost ratio (ICR) of between 0.000% and 0.3775% per annum of assets is taken into account when calculating unit prices depending on the investment option(s) in which you are invested in.

The ICR is the total estimated indirect costs applicable to an investment option based on Fund data (including data provided by underlying investment vehicles) for the 2018/2019 financial year and is reflected in the calculation of unit prices for the investment option. The ICR is in addition to the fees deducted directly from your account and other fees and costs paid out of Fund assets, and includes other (indirect) expenses or costs including underlying managers' expense ratios and expenses relating to or incurred in or through the underlying investments.

ICRs may vary from year to year, in particular if costs associated with the underlying investments increase. If an increase in such costs occurs, the ICRs will increase (refer to the 'Increases or alterations in fees' section below for further information).

Investment Option	Estimated ICR (% of assets p.a.)
Cash Plus Option	0.000
Conservative Option	0.1140*
Balanced Option	0.1901*
Growth Option	0.2661*
High Growth Option	0.3775*

\* The amount of indirect costs incurred by your investments may be less than shown above as some costs (transactional and operational costs associated with the buying and selling of underlying investments) are also reflected in buy-sell spread charges.

## Operational Risk Financial Requirement (ORFR) Reserve

The purpose of the ORFR Reserve is to protect members' interests should an operational failure occur that may result in losses to a fund or its members.

The reserve is held solely in cash and held as an asset of the Fund.

The Trustee is obliged to review its ORFR arrangements regularly to ensure it is set at an appropriate level and to make any changes necessary to ensure regulatory requirements continue to be met. As at the date of preparation of this document, the ORFR meets its target level of 0.25% of net assets, however the ORFR level is subject to change. If such a change results in the ORFR falling below the required level at any time, additional deductions from members accounts may be required.

## Administration Fee (Percentage based)

An estimated percentage based administration fee of between 0.6243% and 0.6430% per annum of assets is taken into account when calculating unit prices depending on the investment option (s) in which you are invested in.

This fee is the total estimated percentage based administration fees applicable to an investment option based on Fund data for the 2018/2019 financial year, and is reflected in the calculation of unit prices for the investment option you are invested in. This fee is in addition to the fees deducted directly from your account and other fees and costs paid out of Fund assets and includes expenses or costs relating to operation of this product such as administration, website and promotional services, and trustee remuneration, paid out of Fund assets.

The percentage based administration fee may vary from year to year, in particular if relevant expenses or costs increase. If an increase in such costs occurs, the percentage based administration fees will increase.

Investment Option	Estimated Percentage Based Administration fee (% of assets p.a.)
Cash Plus Option	0.6243
Conservative Option	0.6299
Balanced Option	0.6330
Growth Option	0.6374
High Growth Option	0.6430

## Buy and Sell Spread Costs (for investment options other than Term Deposits)

Your investment (other than in the Term Deposit Option) buys units in your investment option(s) (Refer to the **Investments** factsheet for more information about how investments in Term Deposits are made). Each investment option has a Buy price and Sell price, which includes an allowance for a Buy and Sell spread.

Buy prices and Sell prices are usually calculated daily for each investment option, based on market valuations of the assets in each option after the deduction of relevant fees, costs and taxes on investment earnings.

The Buy and Sell spread (or cost) is shown as an additional cost associated with the investment of your money in an investment option. The Buy and Sell spread is based on costs associated with the buying and selling of underlying assets incurred by certain underlying investment managers or in or through underlying investment vehicles in relation to non-cash assets. These costs may change from time to time and are charged, as far as practicable, on a cost recovery basis.

Buy and Sell spread costs are designed to achieve equity between investors by ensuring that the expense of buying and selling underlying non-cash assets is borne by those who invest in or withdraw from options invested in non-cash assets.

The Buy and Sell spread for each investment option (based on the percentage of non-cash assets utilised in the option) is estimated to be up to the amounts shown below. The costs associated with buying and selling underlying investments may be higher or lower and is also reflected in the ICRs for the investment options (refer to the information about transactional and operational costs for more details). No part of the Buy and Sell spread is paid to the Trustee or an external manager.

Investment Option	Buy spread cost	Sell spread cost
Cash Plus	0.00%	0.00%
Conservative	0.04%	0.04%
Balanced	0.06%	0.06%
Growth	0.08%	0.08%
High Growth	0.12%	0.12%

### Buy price of units

Investment applications (including applications relating to future contributions, applications using proceeds from a Term Deposit investment and switching applications) are processed using the next Buy unit price after the receipt of the application and the investment monies.

### Sell price of units

The next Sell unit price for an investment option is used to calculate the value of the unit holding after receipt of a completed request for a withdrawal and on statements issued.

If you ask for part or all of your investment to be converted from one investment option to another or to be redeemed for investment in a Term Deposit, the Sell price for the existing units will be used to calculate the value of the units redeemed, and (if you are switching to another investment option other than Term Deposits) the Buy price for the new investment option will be used to determine the number of new units issued.

In exceptional circumstances or where the Trustee considers it appropriate (for the interests of members), the Trustee may delay or suspend asset valuations or the striking of unit prices. For example, this might occur if underlying investments become illiquid. The Trustee may also take whatever other action it considers appropriate for the ongoing management of underlying investments, member accounts and processing of applications, investment switches and withdrawals in the event of illiquidity or other exceptional circumstances.

### Transactional and operational costs

Transactional and operational costs are costs associated with the buying and selling of underlying investments and are defined (under relevant regulations) to include buy- sell spreads, brokerage, settlement costs (including related custody costs), clearing costs and stamp duty of investment transactions (depending on the nature of the underlying investments or assets) but do not include (in the case of superannuation funds) certain costs associated with over-the- counter derivative financial products and borrowing costs. There are no transactional and operational costs paid out of the Fund's assets, any such costs are incurred outside the Fund.

These costs can be incurred directly by underlying fund managers or as a result of a fund manager investing through a fund into another fund. This is referred to as gaining exposure to underlying assets through an "interposed vehicle".

Examples of costs that are incurred by our underlying investment managers or through interposed vehicles in relation to the buying and selling of assets include brokerage and settlement costs on share trading and buy-sell spreads of or incurred by unitised managed funds.

Transactional and operational costs (excluding costs associated with over-the-counter derivative financial products, borrowing costs and any other investment related costs that would otherwise form part of the investment fees of each of the investment options) vary depending upon the different asset classes and investment managers within each investment option, and estimates of these are shown in the table below, based on information provided by underlying investment managers for the year ending 30 June 2019:

Investment Option	Transactional and operational costs (% of assets p.a.)
Cash Plus Option	0.000
Conservative Option	0.0060
Balanced Option	0.0100
Growth Option	0.014
High Growth Option	0.0200

Estimated transactional and operational costs are reflected in the unit price of the underlying fund managers or gross earnings the Fund receives from non-unitised investments and are taken into account (together with costs associated with over-the-counter derivative financial products and other investment related costs not included in investment fees) in the ICR for each investment option. Some or all of the above transactional and operational costs have been taken into account in the buy-sell spreads we apply to the investment options. The estimated transactional and operational costs are not an additional cost to members. If the allowance for transactional and operational costs that we make in buy-sell spread charges is less than transactional and operational costs incurred in our investments in any year, the costs are (in any case) reflected in the ICRs and the calculation of returns.

## Activity Fees

### Family Law Information fee \$102.50

This fee is payable to the Trustee prior to the completion of the Superannuation Information Form that accompanies the Family Court Form 6 declaration. This fee is usually paid by the non-member spouse seeking the information and is not deducted from your account. However, if you are requesting the information, the fee can be deducted from your account.

### Family Law Split fee \$256.25

This is the fee that is payable to the Trustee following the receipt of a Family Court Order or Superannuation Agreement, which requires the splitting of a member's benefit following the breakdown of a marriage or a qualifying de-facto relationship. It's the practice of the Trustee to send an invoice for the fee to the solicitor who sends the Family Court Order or Superannuation Agreement, but the fee can be deducted from the member's account, if that is requested by the member.

### Family Law flagging fee

There is currently no fee charged for flagging a member's account.

### Term Deposit Early Withdrawal Fee \$25.00

This fee is payable to the Administrator which covers the administration of the early withdrawal of a Term Deposit.

There may be other consequences for you when redeeming a Term Deposit prior to maturity. Please read the Defence Bank Mutual Limited trading as Defence Bank Bank Term Deposit Product Disclosure document regarding any other fees or adjustments applicable to accessing your Term Deposit prior to maturity.

## Increases or alterations in fees

The Trustee may increase fees and other costs. Where this occurs, we will advise you in writing at least 30 days prior to the increase where required by law.

Actual indirect costs paid outside the Fund may be higher than the estimated indirect cost ratios and may be met from returns received from underlying investment vehicles.

The Trustee is entitled to receive out of the assets of Defence Bank Super and retain for its own use, remuneration for its trustee services based on Fund assets. Trustee remuneration in respect of the Fund forms part of the administration and operational costs of the Fund. The Trustee fee can be 1% (plus GST) of assets per year, however the Trustee can charge a lower fee.

In addition, the Trustee is entitled to be reimbursed from the assets of the Fund for liabilities, costs, charges, expenses and outgoings reasonably and properly incurred by the Trustee in respect of a range of matters relating to the Fund (as permitted by the Trust Deed), for example, audit costs, bank fees, government charges, fees for external experts and postage. If, for whatever reason, the estimated percentage based administration fee and other fees shown in this document are not sufficient to cover relevant liabilities, costs, charges, expenses and outgoings related to the operations of this product or the Fund, the shortfall may be met from Fund assets. This means that actual fees and costs paid out of Fund assets may be higher.

## Taxation

For information about tax refer to section 7 of the Defence Bank Super PDS. Fees and costs are shown inclusive of GST (net of any reduced input tax credit) where applicable. The benefit of any tax deduction received by the Trustee for expenses or costs relating to the product is passed on to members through an increase in unit prices or as a credit directly into member accounts depending on where the fee was originally levied.

**Please Note:** The amount of deductions is dependent on tax laws applicable from time to time. While insurance premiums deducted from member accounts generally attract a tax deduction, the amount of the deduction may be reduced as a result of tax laws or Australian Taxation Office (ATO) policy.

## Insurance fees or costs

For information about insurance premiums refer to the **Insurance** fact sheet.

## How fees and insurance premiums are deducted

If you are invested in more than one investment option, fees (other than percentage based administration fees and indirect cost ratios taken into account in calculating unit prices) and insurance premiums will be deducted from your account by redeeming investment units in the investment options applicable to your account in the following order, depending on which investment option(s) you are invested in:

- Cash Plus Option
- Conservative Option
- Balanced Option
- Growth Option
- High Growth Option

In this way, fees and insurance premiums will be met according to the 'order of liquidity' of the investment options you are invested in, based on the Cash Plus Option being the most liquid option.

**Please Note:** If you invest in a Term Deposit and there is a shortfall in any of your other investment options to deduct applicable fees and taxes, your Term Deposit may be accessed prior to maturity to enable the deduction of these fees and taxes. Refer to the Investments fact sheet for more information about early termination of Term Deposits, including the consequences of early termination.

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This Factsheet is issued by Equity Superannuation Trustees Limited ABN 50 055 641 757, AFSL 229757, RSE License No L0001458, as Trustee for CUBS Superannuation Fund ABN 90 120 177 925 (the Fund).

This Factsheet is for general information purposes only and is not intended to be relied on for the purpose of making an investment decision or other decisions pertinent to your investment in the Fund. It has been prepared without taking account of the objectives, financial situation and needs of any particular person. You should also consider obtaining professional advice before making decisions regarding your investment in the Fund, to determine if they are appropriate to your needs. Please read the relevant Product Disclosure Statement available at [www.defencebank.com.au](http://www.defencebank.com.au) or contact the Fund for a copy.

The Trustee reserves the right to vary the features of this product including investments, insurance and fees and costs at any time.

The terms of the trust deed governing the Fund have precedence over anything in the PDS and the FactSheets.