

FEES: SIS DEFINITIONS AND HOW ACTIVE SUPER APPLIES THEM

Active Super uses the following fee definitions detailed in section 29V of the *Superannuation Industry (Supervision) (SIS) Act 1993* to determine the fees we charge our members.

The purpose of this fact sheet is to advise of the SIS fee definitions and provide some information about how these fees may be applied to your Active Super account.

Generally speaking, the fees described in this fact sheet apply to members of the Active Super Accumulation Scheme (including MySuper members), Active Super Account-Based Pension Plan and Active Super Retirement Scheme. For members of the Active Super Defined Benefit Scheme only the Investment fee, Indirect costs and Advice fees apply.

DEFINED FEES

This section defines the different fees that can be charged to superannuation accounts. Not all charges apply to your Active Super account.

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.

Administration fees

An **administration fee** is a fee that relates to the administration or operation of the superannuation entity and includes costs that: a) relate to that administration or operation, b) other than costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit 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.

Indirect cost ratio

The indirect cost ratio, for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

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

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 exit fee, an activity fee, an advice fee or an insurance fee.

Note: The costs referred to in paragraph (b) do not include transactional and operational costs.

Switching fees

A **switching fee**, for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.

A **switching fee**, for a superannuation products other than a MySuper product, 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.

Performance related fees

The Trustee has entered into performance related fee agreements with certain investment managers, which are closely monitored.

Performance related fees are payable when investment returns exceed an investment manager's benchmark and form part of the Investment fee. Generally these fees are calculated as a percentage of the investment returns that exceed and agreed level of return. If the investment returns are below each manager's benchmark, no performance fee is payable until the underperformance has been made up.

Performance fees are included as part of the Investment fee and/or ICR, depending on the type of underlying investment.

Transactional and Operational costs

Transactional and operational costs are incurred by the investment manager's buying and selling of investments and may include costs such as brokerage¹, buy-sell spreads of the underlying investments, settlement costs², stamp duty³ on investment transaction costs and clearing costs⁴.

Borrowing costs

Borrowing costs for Active Super are costs that relate to a credit facility that is provided to the Fund's investments in an underlying interposed vehicle.

Payments to authorised representatives

Authorised representatives of Active Super receive remuneration by means of salary only. No commission is paid by LGS or members. You will only be charged an advice fee if you agree to receive personal financial by one of our financial planners, the fees will be discussed and agreed with you at the time.

TAXATION REBATE

Active Super receives a taxation deduction on fees and insurance costs which is passed back to members in the form of reduced contributions tax. For further information on tax read the PDS fact sheet, *How super is taxed*.

¹ Brokerage: The fee or commission charged by a firm for executing buy and sell orders on assets on behalf of the Investment Manager.

² Settlement Costs: Expenses incurred with the purchase and sale of underlying assets

³ Stamp Duty: The tax placed on equity trades in certain markets (UK, for example) or on the transfer of property.

⁴ Clearing Costs: A fee charged by a clearing house for its services. A clearing house is an intermediary between buyers and sellers, most commonly used when trading futures (financial contracts obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial instrument, at a predetermined future date and price).

CHARGES PAID TO INVESTMENT MANAGERS

Investment management fees and other charges may be paid by the Trustee out of Active Super assets.

All investment management fees and charges are deducted from the investment returns prior to the investment return for each strategy being declared.

INFORMATION ON ABNORMAL EXPENSES

The costs set out in this Fact Sheet do not incorporate an allowance for abnormal expenses (if any) to which the Trustee is entitled to be reimbursed from Active Super. As at the date of this Fact Sheet, we do not anticipate any abnormal expenses to be paid.

This has been issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Super (ABN 28 901 371 321) (Active Super). The information in this document is general advice only and does not take into account your personal objectives, situation or needs. You should consider obtaining professional financial taxation and or legal tailored to your personal circumstances and refer to the relevant Product Disclosure Statement available at activesuper.com.au before making a financial decision. Date issued: 25 May 2021