

Fees and Costs

1 July 2011

The information in this document forms part of the HESTA Product Disclosure Statement issued 1 July 2011



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 fund balance, rather than 1%, could reduce your final return by up to 20% over a 30-year period (for example, reducing 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 may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.*

To find out more

If you would like to find out more, or see the impact of 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 different fee options.

*The inclusion of this statement is a legal requirement. HESTA's fees are set at the lowest level consistent with the effective management of the Fund and are not negotiable by members.

Why are fees and costs important?

When it comes to super, small differences in investment performance and your fund's fees and costs can have a big impact on your account balance.

As an industry super fund, HESTA is run only to benefit members and pays no commissions to financial advisers (unlike many other funds).

This document outlines the fees and charges that apply to HESTA super accounts.

HESTA offers a different product — the HESTA Super Income Stream — for members who are transitioning to retirement or who are fully retired. For fees and costs relating to this product, go to hesta.com.au/superincomestream and read the *HESTA Super Income Stream Product Disclosure Statement*.

Fees and other costs

This table outlines all the fees and costs associated with HESTA. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole. Go to hesta.com.au/pds and see *Insurance Options* for insurance costs and *How Super is Taxed* for information on taxation. You should read all the information about fees and costs — it's important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid	
Fees when your money moves in or out of the fund			
Establishment fee The fee to open your investment	\$0	Not applicable	
Contribution fee The fee on each amount contributed to your investment — either by you or your employer	\$0	Not applicable	
Withdrawal fee The fee on each amount you take out of your investment	\$0	Not applicable	
Termination fee The fee to close your investment	\$0	Not applicable	
Management costs – the fees and costs for managing your investment			
Administration fee	\$65 per year (\$1.25 per week)	Deducted from your account at the end of each month or when you close your account.	
Trustee operating cost	0.10% per year (\$1.00 per \$1,000)	Deducted from the assets of HESTA Super Fund before interest rates are declared each month.	
Member benefit protection cost	0.02% per year (i.e. \$0.20 per \$1,000)	Deducted from the assets of HESTA Super Fund before interest rates are declared each month.	
The amount you pay for specific investment options			
Investment costs (2009/2010)	Investment management cost	Investment performance cost	Deducted from the assets of HESTA Super Fund before interest rates are declared each month.
Core Pool	0.70% p.a.	0.11% p.a.	
Conservative Pool	0.33% p.a.	0.04% p.a.	
Shares Plus	0.71% p.a.	0.13% p.a.	
Eco Pool	0.39% p.a.	0.02% p.a.	
Cash	0.01% p.a.	NA	
Global Bonds	0.25% p.a.	NA	
Property	0.71% p.a.	NA	
Infrastructure	0.76% p.a.	NA	
International Shares	0.64% p.a.	0.10% p.a.	
Australian Shares	0.45% p.a.	0.13% p.a.	
Private Equity	3.95% p.a.	0.18% p.a.	
Service fees*			
Investment switching fee	\$0	Not applicable	
Contribution splitting fee	\$60	Deducted from your account when the contribution is split	
Family law information request fee	\$100	Charged directly to any eligible person requesting information	
Family law account splitting fee	\$77.25	Deducted from your account when giving effect to a family law splitting order or agreement	
Financial advice fee	As agreed	When agreed, deducted from your account, or payable when establishing a HESTA Super Income Stream	

*See *Additional explanation of fees and costs* on page 3 for more information

Additional explanation of fees and costs

No entry or exit fees

HESTA does not charge any entry or exit fees.

Other super funds may charge fees when you transfer your money in or out.

No switching fees

You do not pay any fees for switching investment options.

No commissions

HESTA does not pay any commissions to financial advisers, sales agents or any other person or entity that gives you advice on your super.

Low-cost disability and death insurance

Insurance premiums apply to members who take out disability and death insurance. The premiums depend on the type and amount of cover.

Our default cover is two units of Income Protection Cover and two units of Death Cover at a cost of \$3 per week, which is deducted from your super account. See *Insurance Options* at hesta.com.au/pds for details.

Administration fee and trustee operating cost

Our management fees and costs include a low administration fee of \$1.25 per week and a 0.10% per year trustee operating cost.

The \$1.25 per week administration fee is deducted directly from your account, and the trustee operating cost is deducted from HESTA's assets before interest rates are declared.

The administration fee and trustee operating cost are used to manage your account and HESTA as a whole, and to provide services, communication and educational material to members.

Family law transactions

A family law information request fee of \$100 is charged directly to any eligible person requesting information about your account in accordance with the *Family Law Act 1975*.

A family law account splitting fee of \$77.25 is deducted from your account to give effect to a family law splitting order or agreement at the time your account is split.

Contribution splitting

HESTA applies a fee of \$60 for contribution splitting out of your account. The fee is deducted from your account when the split is effected. We don't charge a fee to receive split contributions.

Financial advice fee

By agreement, a fee may be deducted from your account and paid to HESTA for financial advice.

Investment management costs and investment out performance costs

Investment advisers and managers charge a fee to invest your funds and to manage the assets in each of the investment options.

Investment costs are shown as a percentage of the Fund's assets to which they apply. The percentages vary from year to year, reflecting the blend of investment managers used.

Some of HESTA's investment managers can also charge additional performance fees if their investment returns are above an agreed hurdle (minimum) return. The hurdle return is above the benchmark return for that asset class and investment manager. The outperformance cost will only be paid where the investment manager's return for the year is above the hurdle return.

There is no guarantee performance costs will be paid in any given year and the actual costs vary each year. Generally, we pay performance costs only at the end of the financial year when annual return performance is known and the value of any performance fee can be calculated.

Because investment management costs and investment out performance costs vary from year to year, and are not known until after the end of the year, the figures provided are for the 2009/2010 financial year.

Member benefit protection

All super funds are required to comply with member protection standards to ensure super accounts with small balances are not eroded by administration fees.

If at the end of the financial year your account balance is less than \$1,000 your balance is protected from erosion by administration fees.

This means administration fees will generally not exceed any investment returns credited to your account for that period. If investment returns are insufficient to cover the administration costs of the fund, we may apply a \$10 fee.

Taxes and insurance premiums are not covered by the member protection standards.

A member benefit protection cost is levied on all members of the fund to cover the costs associated with the member protection standard. The member benefit protection cost is deducted from assets before interest rates are declared. In 2009/2010 it was 0.02% of total assets.

Taxation

HESTA is able to claim a tax deduction for administration costs and certain insurance premiums. When the Fund receives a tax deduction, the benefit of the deduction is passed on to members.

For more information on taxation and your super, see *How Super is Taxed* at hesta.com.au/pds

Changes to fees and costs

HESTA reserves the right to change fees at any time without members' consent. HESTA will notify you 30 days in advance of any changes to our administration fees.

Investment management fees vary from year to year depending on allocation of assets and performance.

Example of annual fees and costs for a balanced investment option

Most HESTA members are invested in Core Pool — our balanced option.

This table gives an example of how the fees and costs in the Core Pool investment option can affect your superannuation investment over a one-year period.

You should use this table to compare HESTA with other superannuation products.

Example		
Core Pool		Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fee	\$0	For every additional \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.93% + \$65 (\$1.25 per week)	And , for every \$50,000 you have in the fund you will be charged \$530 each year.
EQUALS cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$530 What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser*.

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The information in this document forms part of the HESTA Product Disclosure Statement (PDS) issued 1 July 2011. To access the other parts of the PDS visit hesta.com.au/pds or call 1800 813 327. This document does not relate to the HESTA Super Income Stream. Refer to the HESTA Super Income Stream PDS for information about that product. The PDS should be considered before making a decision about HESTA. The information in this document is of a general nature. It does not take into account your objectives, financial situation or specific needs. You should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this. Issued by H.E.S.T. Australia Limited (HESTA) ABN 66 006 818 695 AFSL No. 235249, Trustee of Health Employees Superannuation Trust Australia (HESTA Super Fund) ABN 64 971 749 321.