

1 July 2017

The information in this document forms part of the following Product Disclosure Statements:

- HESTA Product Disclosure Statement issued 1 July 2017
- HESTA Personal Super Product Disclosure Statement issued 1 July 2017

## 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.

Your employer may be able to negotiate to pay lower administration 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 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 different fee options.

## 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.

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

We offer different products – the HESTA Transition to Retirement Income Stream for members nearing retirement but still working and HESTA Income Stream for members who have fully retired. For fees and costs relating to these products, go to [hesta.com.au/ispds](http://hesta.com.au/ispds) and read the Product Disclosure Statements.

## Fees and other costs

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 Fund 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. 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 are set out below.

Type of fee	Amount	How and when paid
Investment fee	\$0	N/A
Administration fee	\$1.25 per week plus 0.08% p.a. - Core Pool, or 0.10% p.a. - All other options (Subject to a fee cap)*	Deducted from your account at the end of each month or when you close your account.
Buy-sell spread	\$0	N/A
Switching fee	\$0	N/A
Exit fee	\$0	N/A
Advice fees relating to all members investing in HESTA	\$0	N/A
Other fees and costs	See 'Additional explanation of fees and costs' section for information about activity fees, insurance fees, and advice fees for personal advice.	
<b>Indirect cost ratio<sup>^</sup></b>		
Investment cost - base fee	0.04% p.a. – 2.48% p.a.	Deducted from investments before earnings are applied.
Investment cost - performance fee	0.00% p.a. – 0.92% p.a.	

\*The percentage based Administration Fee is not charged on any amount of your account balance in excess of \$350,000. The maximum fee you may be charged is \$350 p.a.

<sup>^</sup>See page 3 for the indirect cost ratio of each investment option.

## Example of annual fees and costs for a MySuper product

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

Example		
Core Pool (default option)		Balance of \$50,000
Investment fees	\$0	For every \$50,000 you have in MySuper-authorized Core Pool you will be charged \$0 each year
<b>Plus</b> Administration fees	\$65 (\$1.25 per week) + \$40 (0.08% of your account balance)	<b>And</b> , you will be charged \$105 in administration fees
<b>Plus</b> Indirect costs for Core Pool	0.75%	<b>And</b> , indirect costs of \$375 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 \$480 for Core Pool*

\*Please note: additional fees may apply.

## Additional explanation of fees and costs

### Defined fees

Fees	Additional information relating to HESTA								
<p><b>Activity fees</b></p> <p>A fee is an activity fee if:</p> <ul style="list-style-type: none"> <li>a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee: <ul style="list-style-type: none"> <li>i) that is engaged in at the request, or with the consent, of a member, or</li> <li>ii) that relates to a member and is required by law, and</li> </ul> </li> <li>b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.</li> </ul>	<p>HESTA has three activity fees</p> <table border="1"> <thead> <tr> <th>Activity fee</th> <th>How and when paid</th> </tr> </thead> <tbody> <tr> <td>Contribution splitting</td> <td>\$60 deducted from your account when the contribution is split</td> </tr> <tr> <td>Family law information request</td> <td>\$103 charged directly to any eligible person requesting information</td> </tr> <tr> <td>Family law account splitting</td> <td>An \$80 fee is split equally between you and your former spouse (unless your former spouse receives the entire balance in which case the former spouse pays the entire fee), when giving effect to a family law splitting order or agreement.</td> </tr> </tbody> </table>	Activity fee	How and when paid	Contribution splitting	\$60 deducted from your account when the contribution is split	Family law information request	\$103 charged directly to any eligible person requesting information	Family law account splitting	An \$80 fee is split equally between you and your former spouse (unless your former spouse receives the entire balance in which case the former spouse pays the entire fee), when giving effect to a family law splitting order or agreement.
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<p><b>Administration fee</b></p> <p>An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:</p> <ul style="list-style-type: none"> <li>a) relate to the administration or operation of the entity, and</li> <li>b) are not 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.</li> </ul>	<p>The administration fee is used to manage your account and HESTA as a whole, and to provide services, communication and educational material to members.</p>								
<p><b>Advice fee</b></p> <p>A fee is an advice fee if:</p> <ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>i) a trustee of the entity, or</li> <li>ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity, and</li> </ul> </li> <li>b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.</li> </ul>	<p>The cost of providing advice to HESTA members is included in the administration fee. An advice fee will only be charged for;</p> <ol style="list-style-type: none"> <li>1. Retirement and Transition to Retirement Advice for a low fixed fee (currently \$695) deducted from your HESTA super account, and</li> <li>2. Full financial planning. This service is provided in conjunction with Industry Fund Services Limited (IFS) ABN 54 007 016 195 AFSL 232514 on a fee-for-service basis.</li> </ol> <p>An advice fee may also be deducted, where you allow, for advice received from external financial adviser about your HESTA superannuation.</p>								

## 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.

At HESTA, you do not pay any fees for buy-sell spreads.

## Exit fee

An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

HESTA does not have any entry or exit fees. Other super funds may charge fees when you transfer your money in or out.

## Indirect cost ratio

The indirect cost ratio (ICR), 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 dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

The ICR includes all costs that are not deducted directly out of a member's account. These costs include all investment costs related to managing the investments in a particular investment option. These costs are deducted from investments before earnings are applied.

Investment costs that form part of the ICR for each investment option include the fees HESTA's investment advisers and managers charge to invest in the assets in those options ('Investment costs - base fee').

These investment costs vary from year to year, reflecting the blend of investment managers used. Some investment managers can also charge additional performance fees if their investment returns are above an agreed hurdle (minimum) return ('Investment cost - performance fee'). The hurdle return is usually based on the benchmark return for that asset class and investment manager. The ('Investment cost - performance fee') forms part of the overall investment costs that contribute to the ICR for a particular investment option. Investment cost - performance fees will only be charged where the investment manager's return for the year (or an agreed longer period) is above the hurdle return. Actual investment cost - performance fees vary from year to year, with the possibility none will be charged in some years. The ICR quoted for each investment option includes investment costs charged for the last financial year when the annual return performance was known and the value of any investment cost - performance fees could be precisely calculated. Because investment costs vary from year to year, and are not known until after the end of the year, the ICR provided for each investment option includes all investment-related costs for the 2015/16 financial year.

Here are all the indirect cost ratios for each investment option.

Investment Option	Investment cost - base fee (% p.a.)	Investment cost - performance fee (% p.a.)*	Total ICR (% p.a.)
<b>Ready-Made Investment Pools</b>			
Conservative Pool	0.35	0.04	<b>0.39</b>
Core Pool	0.61	0.14	<b>0.75</b>
Eco Pool	0.40	0.39	<b>0.79</b>
Shares Plus	0.62	0.12	<b>0.74</b>
<b>Your Choice Asset Classes</b>			
Cash	0.04	0.00	<b>0.04</b>
Global Bonds	0.22	0.00	<b>0.22</b>
Property	0.82	0.06	<b>0.88</b>
Infrastructure	0.75	0.17	<b>0.92</b>
International Shares	0.45	0.05	<b>0.50</b>
Australian Shares	0.35	0.10	<b>0.45</b>
Private Equity	2.48	0.92	<b>3.40</b>

## Insurance fee

A fee is an insurance fee if:

- (a) the fee relates directly to either or both of the following:
  - i) insurance fees paid by the trustee, or the trustees, of a superannuation entity in relation to a member or members of the entity,
  - ii) costs incurred by the trustee, or the trustees, 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 fee paid or cost 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 fees and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an advice fee.

Your insurance fee will depend on the type of insurance you have. For more information about insurance see *Insurance Options* at [hesta.com.au/pds](https://hesta.com.au/pds)

## Investment fee

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 incurred by the trustee of the entity that:
  - i) relate to the investment of assets of the entity, and
  - ii) are not 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.

For HESTA members, there is no investment fee which comes out of your individual account. The costs associated with investing your money are included in the indirect cost ratio.

## 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 class of beneficial interest in the entity to another.

At HESTA, you do not pay any fees for switching investment options.

## Taxation

HESTA is able to claim a tax deduction for certain costs of operating the fund. When the fund receives a tax deduction for insurance costs, the benefit of the deduction is passed on to members in the form of reduced insurance fee. All other tax deductions are retained in the fund for the benefit of the membership as a whole.

For more information on taxation and your super, see *How super is taxed* at [hesta.com.au/pds](https://hesta.com.au/pds)

## Changes to fees and costs

We reserve the right to change fees and costs at any time without members' consent. We will notify you 30 days in advance of fee changes.

The Indirect Cost Ratio will vary from year to year. The amounts provided in this document are current at the date of preparation (15/06/2017).

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