

FIRE AND EMERGENCY SERVICES SUPERANNUATION FUND

ADDITIONAL REFERENCE MATERIAL FOR PRODUCT DISCLOSURE STATEMENT DATED 14 DECEMBER 2018

VERSION CONTROL

Version	Release Date	Description of changes
0.1	30/09/2017	Initial Release
0.2	05/02/2018	Page 42 amended to reflect that a retained benefit member can make more than eight partial lump sum withdrawals annually and that an activity based fee may apply.
0.3	12/03/2018	Insurance premium changes that apply from 1 July 2017.
0.4	14/12/2018	Fees and costs section amended to reflect fees and costs payable for 2018/2019 financial year
0.5	31/08/2020	FES Super is reviewing its insurance arrangements. Updated information will be available soon. In the meantime, please contact FES Super on (08) 9382 8444 for more information about insurance cover.

Issued by: Fire and Emergency Services Superannuation Board
ABN 55 476 454 384
AFS Licence 259671 as trustee for the
Fire and Emergency Services Superannuation Fund
ABN 43 198 502 058
Unique Superannuation Identifier 43 198 502 058 001

Prepared: 31 August 2020

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

What's this Reference Material About?

This reference material is intended for readers of the website of the Fire and Emergency Services Superannuation Fund of Western Australia and provides additional detailed information for members and others to that contained in the short form Fire and Emergency Services Superannuation Fund Product Disclosure Statement issued on 14 December 2018.

It contains details of what you need to know about the Fire and Emergency Services Superannuation Fund and forms part of the Fund's Product Disclosure Statement, and will enable you to better understand the main features and benefits of the Fund. The document sets out general details of how your entitlements are calculated and provides specific information relating to fees, investment returns and insurance costs.

The Fund is established in Western Australia under an Act of Parliament and the governing rules of the Fund are contained in the *Fire and Emergency Services (Superannuation Fund) Regulations 1986*. You should refer to these Regulations if you want more specific information on your entitlements in the Fund.

We encourage you to read this material to understand the options relating to your superannuation.

Please note that the information contained in this document is general information only, and does not take into account your particular objectives, financial situation or needs. This material is also not intended to be, and should not be construed in any way as, investment, legal or financial advice. Actual investment returns for the Fund specified in this document are not guaranteed. You should seek professional financial advice before acting on this information.

The information is correct as at the date of publication. In the event of a material adverse change occurring in the information you will be notified of this change in writing. The updated information will also be made available online at <https://www.fessuper.com.au>. You may request a paper copy of any change, which will be provided to you free of charge.

Where a change to information is not materially adverse, for example, changes to the net fund earning rate and individual investment manager options, details of the change will be provided online at the website address stated above.

If you have any questions after reading this material, please contact the Superannuation Office. The contact details are:

Secretary/Manager Fire and Emergency Services Superannuation Board 242 Rokeby Road Subiaco WA 6008 Telephone: (08) 9382 8444 Facsimile: (08) 9382 8464 Email: admin@fessuper.com.au
--

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

WHAT'S IN THIS REFERENCE MATERIAL?

In this document you will find...

on page...

<input type="checkbox"/> Brief overview of the Fund	3
<input type="checkbox"/> An overview of superannuation	4
<input type="checkbox"/> What is the Fire and Emergency Services Superannuation Fund?	4
<input type="checkbox"/> Categories of Fund Membership	5
<input type="checkbox"/> Contributions	5
<input type="checkbox"/> Entitlements on Resignation and Retirement	9
– Contributing Members	
– Non-contributing Members	
<input type="checkbox"/> Proof of Identity Requirements	11
<input type="checkbox"/> Fees and other costs	13
<input type="checkbox"/> Insurance	18
<input type="checkbox"/> Insurance premiums	19
<input type="checkbox"/> Entitlements on Death and Disablement	23
– Contributing Members	
– Non-contributing Members	
– Frequently asked death and disablement questions	
<input type="checkbox"/> Investment Choice	20
– What are the main risks?	
– Frequently asked investment questions	
<input type="checkbox"/> Historical investment performance	27
<input type="checkbox"/> Operational Risk Financial Requirement	29
<input type="checkbox"/> What other benefits does the Fund provide	30
– Retained Benefit Account	
– Spouse membership	
– Pension options on retirement	
<input type="checkbox"/> Taxation of the Fund	31
<input type="checkbox"/> Other general information you should know about your superannuation	33
<input type="checkbox"/> How to make an enquiry or complaint about the Fund	48
<input type="checkbox"/> How to get further information	35
<input type="checkbox"/> Some useful terms	36
<input type="checkbox"/> Discount Factors for Resignation Benefit	38
<input type="checkbox"/> Your Privacy	39

Important terms

Throughout this document, some important terms are used. These are usually in ***bold italics***. These terms are explained more fully on page 36 of this document.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Brief overview of the Fund...

In brief, some of the key features of the Fire and Emergency Services Superannuation Fund are:

For contributing members...

- ✓ **Entitlements subsidised by your employer.** In return for the 6.25% of your superannuation salary you contribute, your employer contributes 11.75% of your superannuation salary until you attain age 65 in order to provide you with a salary-linked *defined benefit* entitlement. The employer contribution rate is set on advice from the Fund Actuary after the annual actuarial review of the Fund has been completed.
- ✓ **Salary-linked defined benefit.** Many of your superannuation benefits are based on your *final average salary*. These entitlements are therefore largely protected against the effects of inflation because as your salary increases, so do your benefits. These entitlements are also protected from the ups-and-downs of investment markets, since they move with your salary, not investment returns.
- ✓ **Accumulation option.** If you have reached 55 years of age or have 30 years' or more membership of the Fund, you can transfer your *defined benefit* into an *accumulation account* if you wish. This transfer of your defined benefit entitlement is irrevocable so you should seek your own professional advice prior to doing this.

For both contributing and non-contributing members...

- ✓ **Death and disablement protection.** You are covered for death and disablement benefits 24 hours a day, seven days a week whilst you are under age 65 and are an employee of either the Department of Fire and Emergency Services of Western Australia, the United Firefighters Union of Western Australia, the Western Australian Volunteer Fire and Rescue Services Association (Inc) or the Fire and Emergency Services Superannuation Board.
- ✓ **Flexibility to build even greater superannuation benefits.** If you would like to build additional superannuation benefits, you can by making additional lump sum or regular contributions into an accumulation account in the Fund.
- ✓ **Investment Choice.** If you have an accumulation account in the Fund you can choose from seven investment options to invest your account balance. You also have the flexibility to mix-and-match these options to design an investment strategy specific to you.
- ✓ **Spouse membership.** Membership of the Fund is also open to Fund members' spouses or partners who are able to become accumulation account members of the Fund.
- ✓ **Flexibility to leave your benefits in the Fund.** Even after you leave employment, you have the option of retaining your benefits in this Fund subject to a minimum amount being retained.
- ✓ **Pension options on or before retirement.** On your retirement after reaching your preservation age you can keep your superannuation monies in this Fund by drawing a regular income from an account based pension. If you have reached your preservation age but remain in employment you can access your superannuation monies by way of a transition to retirement account based pension.
- ✓ **A say in the management of the Fund.** The Fire and Emergency Services Superannuation Fund is your Fund. You can have a say in how it is managed through your member-elected representatives on the Fire and Emergency Services Superannuation Board.

Fees...

- ✓ **Transfer fees.** No fees are payable when your money moves in or out of the Fund
- ✓ **Management fees.** Administration fees are payable by members who have an accumulation account, a spouse account, a retained benefits account or a pension account. No administration fees are charged on the defined benefit portion of your entitlement. Both administration and investment management fees are deducted from investment earnings prior to the earning rates being declared. These earning rates will vary for each investment option. For details of the current administration fee and investment management fees and costs refer to the fees section contained in this document.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

An overview of Superannuation...

In simple terms, superannuation provides you with savings for your retirement. Superannuation can also offer you a range of other benefits, such as access to professionally managed investments and cost efficient insurance cover.

Superannuation can be an effective way to save for your retirement because there are tax concessions given to superannuation savings that are not available for other forms of savings. As well as providing you with tax effective savings, superannuation also provides you with insurance cover for death and disablement.

Generally, you can only withdraw your superannuation entitlements when you permanently retire from employment and have reached your preservation age. There are also limited circumstances when your account can be paid out prior to your retirement from employment, such as if you die or become totally and permanently disabled.

What is the Fire and Emergency Services Superannuation Fund?

The Fire and Emergency Services Superannuation Fund (the Fund) is the superannuation fund for employees of the Department of Fire and Emergency Services of Western Australia.

Membership is also available for employees of the:

- United Firefighters Union of Western Australia;
- Western Australian Volunteer Fire and Rescue Services Association (Inc); and
- Fire and Emergency Services Superannuation Board.

Spouses or partners of Fund members are also eligible to join the Fund as spouse members.

Who manages the Fund?

The Fire and Emergency Services Superannuation Board (the Superannuation Board) is the Trustee of the Fund. The Superannuation Board is responsible for managing the Fund in the best interests of all members and for ensuring that the Fund is run in accordance with its governing rules.

There are six Superannuation Board members, comprising an equal number of employer-appointed and employee-elected members. A list of the current Superannuation Board members is provided to you each year in the Fund's Report to Members and details are also contained on the Fund's website at www.fessuper.com.au. You can also contact the Superannuation Office to request this information.

Superannuation and investment professionals assist the Superannuation Board in running the Fund and investing the Fund's assets. The Superannuation Board has appointed a Secretary/Manager to manage the day-to-day operations of the Fund and to liaise with and assist members.

The Fund operates solely for the benefit of its members.

You can also be on the Superannuation Board

Members have the opportunity from time to time to nominate for one of the three member-elected positions on the Superannuation Board. Each term of appointment is for three years and retiring Board members are eligible for re-election. You could alternatively nominate for an alternate Board member elected position. The term of appointment for one of these positions is currently one year but is likely to be changed for a longer appointment term in the future.

More information on becoming a member of the Superannuation Board is contained on page 35 of this document or you can contact the Superannuation Office for further details.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Categories of Membership

The Fund offers a number of membership categories:

- Contributing membership – this means you are a defined benefit member;
- Non-contributing membership – this means you are an accumulation account member;
- Spouse membership (for spouses or partners of members) – this means you are an accumulation account member;
- Retained membership (for members who have left employment) – this means you are an accumulation account member; and
- Pension membership (for members in retirement or who have attained their preservation age and remain in employment) – this means you are an accumulation account member in the pension phase.

All new permanent employees of the Department of Fire and Emergency Services of Western Australia (not temporary or casual employees) will automatically join as a **contributing member** of the Fund, unless they are eligible at that time to remain a member of one of the superannuation schemes that form part of the Government Employees Superannuation Fund, or they formally elect on commencement of employment to be a **non-contributing member** of the Fund.

Temporary and casual employees are entitled to join the Fund as a **non-contributing member**.

Contributions

The superannuation entitlements provided to you are paid for by your contributions, as well as contributions made by your employer.

Personal Contributions

Contributing members

You are required to pay 6.25% of your **superannuation salary** into the Fund. This contribution is automatically deducted from your pay each pay period. These contributions cease when you reach age 65.

With the agreement of the Superannuation Board and your employer, you may also be able to make these contributions from your before-tax income (i.e. via salary sacrifice). Under a salary sacrifice arrangement, you will be required to pay 7.35% of your **superannuation salary** into the Fund (which equates to 6.25% after the 15% superannuation contributions tax has been deducted). You should contact the Superannuation Office for more information.

The Fund has available an option for members to contribute an extra 3.5% of their superannuation salary each year to increase their Fund membership multiple from 18% to 21.5% for each year of contributing membership (with effect from 1 July 2004 only). The extra 3.5% of superannuation salary can be paid from your after-tax income or through a salary sacrifice arrangement with the agreement of your employer. Under a salary sacrifice arrangement, you will be required to pay an extra 4.12% of your **superannuation salary** into the Fund (which equates to 3.5% after the 15% superannuation contributions tax has been deducted).

Your election to contribute an extra 3.5% of your superannuation salary will take effect from 1 July after the Fund receives notice from you that you wish to contribute an extra 3.5% of your superannuation salary and will remain in force until the Fund formally receives notice from you of its cancellation. The cancellation of this extra 3.5% contribution will then take effect from the next 1 July. That is, the extra 3.5% contribution must be paid for a complete financial year and cannot be paid for part of a financial year.

Non-contributing members

You are not required to make any personal contributions to the Fund. However, you may make voluntary contributions (see below).

Employer Contributions

Contributing members

Your employer contributes the balance of the cost of providing your defined benefit. Over time, the employer's contribution can vary depending on the financial state of the Fund. Presently, your employer contributes 11.75% of your **superannuation salary** for you until you attain age 65.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

In addition to this contribution, your employer also contributes an additional 1% of your *superannuation salary* to pay for the Supplementary Disablement Benefit provided by this Fund.

However, if you are 65 or older and still working, the employer only pays the superannuation guarantee contribution required by law into your account, which is currently 9.5% of your *superannuation salary* per year. These contributions will be paid into your accumulation account.

Non-contributing members

Your employer pays the superannuation guarantee contribution required by law into your accumulation account, which is currently 9.5% of your *superannuation salary* per year.

Voluntary Contributions

If you meet certain conditions, you can make additional voluntary contributions to your *accumulation account*. These additional contributions are allocated with investment earnings based on your selected investment option(s), and the balance of your *accumulation account* is payable in addition to any other benefit entitlements you may have.

Regular voluntary contributions can be deducted from your pay each pay period and paid directly to your *accumulation account* in the Fund. These can be paid from your after-tax income, or with the agreement of your employer, from your before-tax income via a salary sacrifice arrangement. These voluntary contributions must be a minimum amount of 1% of your *superannuation salary* and if more, must be a whole percentage of your *superannuation salary*. If your circumstances change, you can vary the amount of your voluntary contributions subject to certain basic limitations. For more details, contact the Superannuation Office.

You can also make one-off lump sum contributions of at least \$100 to your *accumulation account*. Voluntary lump sum contributions to your *accumulation account* can also be made by way of electronic funds transfer (EFT) to the Fund's bank account as follows:

Commonwealth Bank of Australia, BSB-066-040, Account Number: 1980 0056.

If you are making payment by way of EFT to the Fund you should ensure that your name and member number are attached to the payment details sent to the bank and that you also complete and send to the Fund the necessary contribution form.

Concessional contributions

The Government has imposed monetary limits (caps) on how much your employer can contribute to your superannuation each financial year before those contributions are taxed at a greater rate of tax. For both defined benefit and accumulation members these contributions are known as concessional contributions. You can receive up to \$25,000 as concessional contributions for the 2018/19 financial year and these contributions will be taxed at the standard 15% tax rate. However if you exceed your annual concessional contribution limit the excess amount will be included in your assessable income and taxed at your marginal tax rate. In addition you will have to pay an excess concessional contributions charge to the Australian Taxation Office on the increase in your tax liability.

If you do receive excess concessional contributions in the 2018/19 financial year you do have the option of withdrawing up to 85% of the excess amount from your superannuation account to pay for the additional tax.

For defined benefit members concessional contributions are generally known as "notional taxed contributions" (NTC). The amount of a member's NTC each year varies depending on a number of factors including the member's superannuation salary in the financial year and is calculated using a formula specified in superannuation legislation.

If you are a defined benefit member and also salary sacrifice voluntary contributions to the Fund you should be aware that a combination of your NTC and your salary sacrifice contributions may cause you to exceed your annual concessional contributions limit. If you think your total contributions may cause you to exceed your annual limit of \$25,000 you should contact the Superannuation Office for information on what action you can take to avoid this. It is your responsibility to continually monitor your annual concessional contribution limit.

The Fund accepts the following types of concessional contributions:

- Employer contributions including salary sacrifice (due to the tax treatment of benefits, temporary residents of Australia should contact the Fund's Superannuation Office prior to making salary sacrifice contributions); and
- Superannuation guarantee.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Non-concessional contributions

The Fund accepts the following non-concessional (after tax) contributions provided you have given the Fund your Tax File Number (TFN):

- personal after-tax contributions;
- spouse contributions;
- Government co-contributions; and
- Low income superannuation tax offset contributions.

If you have not provided your TFN to the Fund then you cannot make, or receive any non-concessional contributions. The Government has imposed annual monetary limits (caps) on how much non-concessional contributions you can make to your superannuation. You may make non-concessional contributions of up to \$100,000 for the 2018/19 financial year (or \$300,000 averaged over a three year period if you are under age 65) into your **accumulation account** provided that your superannuation balance at the previous 30 June is less than \$1.6 million. If you exceed your annual non-concessional contributions limit you will be allowed to withdraw the excess contributions from the Fund. However, earnings on the contributions made in excess of the annual limit will be taxed at your marginal tax rate.

If you are over age 65 there are certain age and work test restrictions that apply to you to enable non-concessional contributions to be received into the Fund. Contact the Superannuation Office for more information.

Contribution splitting

Superannuation contribution splitting was introduced into the *Fire and Emergency Services (Superannuation Fund) Regulations 1986* on 1 April 2008.

Members of the Fund can split contributions with their partners after the end of each financial year. Only concessional contributions made to a member's **accumulation account** are eligible for super splitting with a partner. You can split up to 85% of the concessional contributions made for you in the previous financial year from your **accumulation account**.

You cannot split personal after-tax contributions, amounts rolled over or transferred from another fund, amounts subject to a family law payment split or contributions made to your defined benefit account.

The Fund needs to receive contribution splitting advices from you by the end of the financial year immediately following the financial year in which the splittable contributions are made.

Split funds will be allocated to your partner's account in arrears once a year. Split contributions will be transferred from your **accumulation account** to your partner's account where they will be fully preserved for your partner.

Government co-contributions

You may be eligible to receive an annual government co-contribution payment of up to \$500 if you make voluntary after tax contributions to the Fund.

To be eligible for the co-contribution payment, you must:

- be under 71 years at 30 June each year in which the contributions are made to the Fund;
- not have held an Australian temporary resident visa during the income year;
- have adjusted taxable income of less than the legislated amount (\$52,697) for 2018/2019;
- have made personal after-tax contributions into your superannuation account in the Fund;
- have lodged a tax return for the year of income;
- be employed on a full-time, part-time or casual basis and have provided the Fund with your Tax File Number;
- have not exceeded your annual non-concessional contributions limit for the financial year; and
- have not accumulated a superannuation account balance of equal to or in excess of \$1.6 million at prior 30 June.

For more information, contact the Superannuation Office.

Low Income Superannuation Tax Offset

The low income superannuation tax offset (LISTO) is a government superannuation payment of up to \$500 to help low income earners save for their retirement. If you earn \$37,000 or less a year you may be eligible to receive a LISTO payment (being a refund of the 15% contributions tax paid on concessional contributions for you) directly into the Fund. You don't need to do anything to receive a LISTO payment as the ATO will calculate this amount and pay it direct to the Fund for you. Prior to 1 July 2017 this government payment was referred to as a low income superannuation contribution.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Rollovers/Transfers into the Fund

If you have superannuation monies with another superannuation fund, you may be able to transfer these monies into your *accumulation account* in this Fund. Any amounts that are transferred into the Fund are allocated with investment earnings (which may be positive or negative) based on your selected investment option(s) and are payable in addition to your other benefits. For more information, contact the Superannuation Office.

Generally funds process rollover and transfer requests within 3 days of you providing them with all necessary information. However, we are reliant on receiving information from the fund you are exiting from and on some occasions this 3 day period may be exceeded to finalise your transaction.

Rollovers/Transfers out of the Fund

If you are legally able to access your superannuation benefits and decide to roll over your benefits to another superannuation fund, the Superannuation Board will roll over your benefits subject to any requirements or restrictions under relevant law.

If you are a working member at the time you request a transfer of your superannuation benefits out of the Fund the Superannuation Board has determined that you must retain \$5,000 of your superannuation benefit in the Fund to account for any unpaid liabilities that may be outstanding in connection with your superannuation entitlement.

Contact with the Superannuation Board

As a member of the Fund it is important that you make sure that your personal contact details provided to the Superannuation Board are up to date at all times. This will enable the Superannuation Board to communicate with you regarding your superannuation benefit and avoid the possibility that your superannuation benefit may need to be transferred from the Fund to the Australian Taxation Office because you have become a 'lost member'.

A 'lost member' is a Fund member who is inactive, uncontactable or who has transferred their benefit from another superannuation fund as a lost member.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Entitlements on Retirement or Resignation

The Fire and Emergency Services Superannuation Fund provides the following benefit entitlements on retirement or resignation.

Contributing Members

Retirement Benefit

Upon your retirement from employment between the ages of 55 and 65, if you are a *contributing member* you will receive a *defined benefit* equal to:

your Membership Multiple
times
your *final average salary*

where your Membership Multiple is currently calculated as:

- 21.5% for each year of contributing membership up to 30 June 2004; plus
- 18% for each year of contributing membership after 30 June 2004 to the date of retirement (assumes that you have not elected to contribute an additional 3.5% of salary to increase your Membership Multiple).

The method of calculating the Membership Multiple in respect of future service may be modified by the Superannuation Board from time to time. You would be advised if this occurred.

Example 1:

John has worked for DFES and been a *contributing member* of the Fund for 35 years when he retires at age 60 on 30 June 2018. His contributing membership includes 21 years completed prior to 30 June 2004 and his *final average salary* at age 60 is \$60,000. On leaving, his Retirement Benefit will be:

(a) Membership Multiple	
• Prior to 30 June 2004	= 21.5% <i>times</i> 21 years of contributing membership
	= 0.215 x 21
	= 4.51
• After 30 June 2004	= 18% <i>times</i> 14 years of contributing membership
	= 0.18 x 14
	= 2.52
Membership Multiple	= 4.51 + 2.52
	= 7.03
(b) <i>Final average salary</i>	= \$60,000
Retirement Benefit	= 7.03 x \$60,000
	= \$421,800

In addition to the *defined benefit*, *contributing members* also receive the balance of any *accumulation account*.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Late Retirement Benefit

If you are a *contributing member* and reach age 65, your Retirement Benefit will be calculated and then be automatically paid into an *accumulation account* in your name where it will be credited with investment earnings based on your chosen investment option(s). The requirement for you to make regular contributions to the Fund ceases at age 65, but your employer will continue to make superannuation guarantee contributions (currently 9.5% of your *superannuation salary* per year) into your *accumulation account* from age 65 until you cease employment. You can also make voluntary contributions into your *accumulation account* (subject to any legislative restrictions). On retiring from employment after age 65, you will receive the balance of your *accumulation account*.

Resignation Benefit

If you are a *contributing member* and leave employment before the age of 55, and you are not entitled to a death or disablement benefit, you will receive a *defined benefit* equal to:

your Membership Multiple
times
your *final average salary*
times
the *discount factor*.

where your Membership Multiple is currently calculated as:

- 21.5% for each year of contributing membership up to 30 June 2004; plus
- 18% for each year of contributing membership after 30 June 2004 to the date of cessation of employment (assumes that you have not elected to contribute an additional 3.5% of salary to increase your Membership Multiple).

The method of calculating your Membership Multiple in respect of future service may be modified by the Superannuation Board from time to time. You would be advised if this occurred.

The aged based *discount factors* are explained further on page 38 of this document.

Example 2:

Josephine has been a *contributing member* of the Fund for 14 years when she resigns, at age 45, on 30 June 2017. Her *final average salary* at age 45 is \$50,000. Her Resignation Benefit on leaving will be:

(a) Membership Multiple	
• Prior to 30 June 2004	= 21.5% <i>times</i> 1 years of contributing membership
	= 0.215 x 1
	= 0.21
• After 30 June 2004	= 18% <i>times</i> 13 years of contributing membership
	= 0.18 x 13
	= 2.34
	= 0.21 + 2.34
Membership Multiple	= 2.55
(b) <i>final average salary</i>	= \$50,000
(c) <i>discount factor</i> (from the table on page 38 of this document)	= 0.8203
Resignation Benefit	= 2.55 x \$50,000 x 0.8203
	= \$104,588

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

In addition to the *defined benefit*, *contributing members* also receive the balance of any *accumulation account*.

Transfer of defined benefit entitlement to Accumulation Benefit – Contributing Member

If you are a *contributing member* and have either reached age 55 or completed 30 years' or more of contributing membership to the Fund, you can elect to transfer your *defined benefit* entitlement into an *accumulation account*. All future member contributions and employer contributions for you will then be paid into your *accumulation account*, while government tax applicable to these contributions will be deducted from your account, as will any insurance premiums which relate to the insured component of your death and disablement benefits and income protection benefits (see later in this document).

An election by you to transfer your defined benefit into your accumulation account is irrevocable. Once you transfer your *defined benefit* into your *accumulation account* you cannot transfer those benefits back into a defined benefit account.

The benefit payable on your retirement or resignation will then simply be the balance of your *accumulation account*. If you have transferred your *defined benefit* into an *accumulation account* you will cease to be a *contributing member* of the Fund with effect from the transfer date and will then become a *non-contributing member* of the Fund.

The Trustee strongly recommends that you seek professional advice before you make this election decision to transfer your entitlement and you should contact the Superannuation Office for more information on this option.

Non-Contributing Members

On retirement or resignation, *non-contributing members* receive the balance of their *accumulation account*. The balance of an accumulation account is generally made up of:

- contributions to the account (including any rollovers or transfers if applicable); and
 - investment earnings (which may be positive or negative);
- less
- tax;
 - fees; and
 - insurance premiums.

Temporary Resident Members

On resignation, temporary resident members of Australia will be entitled to receive the balance of their *accumulation account*.

This balance may only be accessed when one of the following conditions of release has been met:

- death
- terminal medical condition
- permanent incapacity
- departed from Australia permanently as a temporary resident (DASP)
- temporary visa has been cancelled or has expired

Benefits equivalent to \$10,000 and over that are not claimed from the Fund within six months of departing Australia will be transferred to the Australian Taxation Office (ATO). Benefits under \$10,000 may be transferred to an eligible rollover fund or to the ATO. Individuals may still access their entitlements through the ATO or through an eligible rollover fund.

Proof of Identity Requirements

If you apply to transfer your money out of the Fund, apply for a benefit payment or want to transfer money into the Fund you will be requested to provide to the Fund certified photocopied documents that prove you are the person entitled to the superannuation benefit or superannuation transfer amount. The Fund may also require you provided acceptable proof of identity documents on other occasions to prove you are the person to whom the superannuation entitlement belongs.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Acceptable documents that may be used for this purpose are as follows:

EITHER

One of the following photographic documents only:

- driver's licence issued under an Australian State or Territory law;
- passport issued by the Commonwealth of Australia that has not expired within the past two years together with a supporting document that provides details of your name and residential address.

OR

One of the following documents:

- birth certificate or birth extract issued by a State or Territory of Australia;
- citizenship certificate issued by the Commonwealth of Australia;
- pension card issued by the Commonwealth Department of Human Services/Centrelink that entitles you to financial benefits.

AND

One of the following documents:

- letter received from the Commonwealth Department of Human Services/Centrelink within the past 12 months regarding a government assistance payment;
- notice issued by the ATO within past 12 months that contains your name and residential address for example notice of an ATO assessment;
- notice issued by a local government body or utilities provider within the previous 3 months that contains your name and residential address. For example a rates notice from local government.

CHANGE OF NAME OR SIGNING ON BEHALF OF ANOTHER PERSON

If you have changed your name or are signing on behalf of the applicant, you will need to provide a certified copy of a linking document. A linking document is a document that proves a relationship exists between two (or more) names.

If you have changed your name a linking document will be a marriage certificate, deed poll or change of name certificate from the Births, Deaths and Marriages Registration Office.

If you are signing on behalf the applicant you will need to provide a certified copy of guardianship papers or Power of Attorney documents.

CERTIFICATION OF PERSONAL DOCUMENTS

All copied pages of **original** proof of identification documents (including any linking documents) need to be certified as true copies by any individual approved to do so (see below). These proof of identity documents must be signed and dated within 7 days of your request to the Fund for the transaction to be processed.

The person who is authorised to certify documents must sight the original and the copy and make sure both documents are identical, then make sure all pages have been certified as true copies by writing or stamping 'certified true copy' followed by their signature, printed name, qualification (e.g. Justice of the Peace or Australia Post employee) and date.

The following can certify copies of the originals as **true and correct** copies:

- a permanent employee of Australia Post with two or more years of continuous service;
- a finance company officer with two or more years of continuous service (with one or more finance companies);
- an officer with, or authorised representative of, a holder of an Australian Financial Services Licence (AFSL), having two or more years continuous service with one or more licensees;
- a notary public officer;
- a police officer;
- a registrar or deputy registrar of a court;
- a Justice of the Peace;
- a person enrolled on the roll of a State or Territory Supreme Court or the High Court of Australia as a legal practitioner;
- an Australian consular officer or an Australian diplomatic officer;
- a judge or magistrate of a court;
- a Chief Executive Officer of a Commonwealth court.

Other categories of people who are authorised to certify copies of originals as true and correct copies include a dentist, medical practitioner, a nurse, an optometrist, a pharmacist, a physiotherapist and a veterinary surgeon. Permanent employees of the Department of Fire and Emergency Services (DFES) and the Fire and Emergency Services Superannuation Board are also able to certify copies of originals as true and correct copies.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Fees and costs

Consumer Advisory Warning

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 (www.moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.

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 investment returns on your investment or from the assets of the Fire and Emergency Services Superannuation Fund as a whole.

Other fees, such as activity fees or insurance fees may also be charged, but these will depend on the activities that are personal to you or the insurance chosen by you.

The statement above regarding being able to negotiate to pay lower fees is one required by legislation and does not apply to the fees and management costs of the Fire and Emergency Services Superannuation Fund as its fees and costs are not negotiable.

The fees apply equally to the *accumulation accounts* of *contributing members* and *non-contributing members*, as well as to the *accumulation accounts* of spouse and retained benefit members and to the account balances of pension members.

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 costs because it is important to understand their impact on your investment. All fees advised in this document are inclusive of GST (less any reduced input tax credits) and stamp duty where applicable.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Type of fee	Amount	How and when paid
Investment fee	Investment fees are different for each investment option and range from 0.07% to 0.68% per annum for the 2018/2019 financial year. See the Investment Management Costs table below for details of each option.	The investment fee is an estimate of the investment expense which is not charged as a fee to your account but is deducted from the Fund's investment returns for you before the crediting rate is allocated to your account. Please note that because the investment fee is only an estimate of the investment expense, the actual investment fee may be higher than what is disclosed in this document.
Administration fee	An asset based fee of 0.20% per annum, or \$2.00 per year for every \$1,000 in your account applies for the 2018/2019 financial year.	Deducted from the Fund's investment returns for you each month before the crediting rate is allocated to your account.
Buy/sell spread	Nil	Absorbed as part of the asset cost at the time of the transaction. All buy/sell spreads incurred by FES Super in managing your investment are included in the Indirect Cost Ratio below.
Switching fee	Nil for the first four switches in a financial year, \$50 per switch thereafter.	Deducted from your account at the time of the transaction.
Exit fee	Nil	Not applicable
Adviser service fee for Intra-fund advice.	Nil	Not applicable
Indirect cost ratio	Indirect cost ratios are different for each investment option and range from 0% to 0.38% per annum. See the Investment Management Costs table below for details of each option.	Deducted from the Fund's investment returns for you before the crediting rate is allocated to your account.
Other fees and costs		Refer to the section entitled 'Additional Explanation of Fees and Costs' below.

ADDITIONAL EXPLANATION OF FEES AND COSTS

All fees and charges are current and may be adjusted by the Superannuation Board from time-to-time. No commissions are paid by the Fund to any person. Non-contributing members, and contributing members who have transferred to an accumulation account, may have insurance-related benefits for which the cost of premiums will be deducted from their accumulation account. Any government taxes payable by the Fund will also be deducted from your contributions or investment returns as appropriate.

Fees and costs related to the investment of your account are deducted from your investment returns before those returns are allocated to your account. Fees and costs related to the administration of your account are also deducted from your investment returns before those returns are allocated to your account, and these amounts will be shown on your annual benefit account statement. There are also activity fees and insurance fees which may be charged to you depending upon which of these services or products you use.

INVESTMENT MANAGEMENT FEES AND COSTS

Investment management fees and costs are made up of two components:

1. Investment fees; and
2. Indirect cost ratio.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

INVESTMENT FEE

FES Super's investment fee is a fee that:

- a member pays that relates to the investment of the assets of FES Super; and/or
- fees in payment for the exercise of care and expertise in the investment of the assets of FES Super (including performance fees) that are not paid out of a member's account balance but are deducted from the investment returns, before these are allocated to members' accounts.

As the investment fee is only an estimate of investment costs and is based on the costs incurred in the 2017/2018 financial year, the investment fee may be higher or lower than what is disclosed in this document.

The investment fee includes investment staff fees and costs (such as asset consulting and external investment manager fees and associated performance fees) paid by the Trustee to third parties directly out of FES Super and which are most commonly fees which would not be incurred if you invested directly in the asset. Transactional costs and other expenses that are deducted from the investment returns on assets that are held by an external fund manager are considered to be indirect costs because these amounts are deducted from investment returns before these are paid back to FES Super by the fund manager.

Each investment option has more than one investment manager who may charge the Fund different fees.

Some of the Fund's external investment managers within the investment options are paid performance or performance based fees where they meet or exceed an agreed performance target. Performance or performance based fees are included in investment fees or in the indirect cost ratio dependent upon the nature of their payment.

INDIRECT COST RATIO (ICR)

The ICR for a FES Super investment option is the ratio of the total of the indirect costs for the option to the total average net assets of FES Super attributed to the investment option to the extent that these costs are not reported as an investment fee. The ICR represents amounts that are not deducted directly from members' accounts but are deducted from the investment returns before these are allocated to member accounts.

Certain components of the ICR are disclosed as an investment fee as required by legislation even though these amounts are not deducted directly from members' accounts. This means that the ICR includes all other indirect costs that are not included in the investment fee. Many of these costs included in the ICR would be incurred by you if you invested directly in the asset.

Investment fees and the ICR will include certain transactional and operational costs such as brokerage, buy/sell spreads, settlement expenses, stamp duty, risk analysis, and legal and tax due diligence. These costs arise when investments are bought or sold and can vary depending on how many and how often assets are bought and sold. These expenses are an amount that can be paid to either the Fund or to an external investment manager or to both.

The Investment Management Costs in the table below are based on the actual costs incurred in the 2017/2018 financial year as an estimate of the probable fees for the 2018/2019 financial year and are intended to be indicative only. Future actual Investment Management Costs will vary depending on the fund managers used and the performance of the market.

INVESTMENT MANAGEMENT COSTS

Investment Option	Indirect Cost Ratio (ICR)	Investment Fee (IF)	Total (ICR + IF)
Smoothed	0.38%	0.48%	0.86%
Growth	0.38%	0.48%	0.86%
Moderate	0.24%	0.39%	0.63%
Australian Share	0.14%	0.46%	0.60%
International Share	0.28%	0.68%	0.96%
Fixed Interest	0.11%	0.33%	0.44%
Cash	0.00%	0.07%	0.07%

In addition to the fees and costs included above there are additional borrowing and property operating costs that have impacted the earnings from the underlying asset return to the Fund. The costs in the table below were incurred in

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

managing the Fund investments for the 2017/2018 financial year and are estimated to be similar for the 2018/2019 financial year.

Investment Option	Borrowing Costs (BC)	Property Operating Costs (POC)	Total (BC + POC)
Smoothed	0.35%	0.18%	0.53%
Growth	0.35%	0.18%	0.53%
Moderate	0.18%	0.09%	0.27%
Australian Share	0.00%	0.00%	0.00%
International Share	0.00%	0.00%	0.00%
Fixed Interest	0.00%	0.00%	0.00%
Cash	0.00%	0.00%	0.00%

Borrowing costs are expenses incurred by investment fund managers used by FES Super in connection with borrowing money. FES Super does not borrow money but we do invest in organisations that can and do borrow money.

Property operating costs are sums that are payable by fund managers used by FES Super in connection with the operational expenses for real property that forms part of the assets of the Fund.

TAX BENEFITS

For investment management costs including both investment fees and indirect costs shown above the fees and costs are disclosed excluding the impact of tax. Any tax deductions claimed by the Fund are passed on to you in the form of higher investment returns.

For administration fees the Fund passes on any tax deductions to you in the form of reduced fees or costs.

EXAMPLE OF ANNUAL FEES AND COSTS FOR SMOOTHED INVESTMENT OPTION

This table shows an example of how the fees and costs for the Smoothed investment option in FES Super can affect your superannuation investment over a one year period. You should use this table to compare this superannuation product with other superannuation products.

Example – Smoothed option

Balance of \$50,000

Investment fee	0.48% per annum	For every \$50,000 you have in the superannuation product you will be charged \$240 each year
PLUS Administration fees	0.20% per annum of your account balance	AND you will be charged \$100
PLUS indirect costs for the superannuation product	0.38% per annum	AND indirect costs of \$190 each year will be deducted from your investment
EQUALS cost of product		If your balance was \$50,000 then for that year you will be charged fees of \$530.00 for the superannuation product.

Note: Additional fees may apply. **And**, if you leave the superannuation entity, you may be charged an **exit fee** of \$0 and a **buy/sell spread** which also applies whenever you make a contribution, exit, rollover or investment switch. The **buy/sell spread** for exiting is **0%** (this will equal to **\$0** for every \$50,000 you withdraw).

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

ADDITIONAL ACTIVITY BASED FEES

Type of fee/cost	Amount	How and when paid
Contribution splitting fee	Nil	Not applicable
Family Law information request	\$165	Payable to the Fund on application
Flagging or splitting a superannuation benefit for family law purposes	Nil	Not applicable
Financial hardship application	Nil	Not applicable
Release of superannuation benefits on compassionate grounds following approval by the Australian Taxation Office	Nil	Not applicable
Partial lump sum withdrawals from Retained Benefit Account	Nil for the first eight withdrawals in a financial year - \$50 for each withdrawal in excess of eight in a financial year	Deducted from members accumulation account at the time of transaction

FEES EXPLAINED

Administration Fee – this is a fee that relates to the administration or operation of the Fund and includes costs other than indirect costs that are paid out of the Fund.

Buy/Sell Spreads – this is a fee to recover transaction costs incurred by the Trustee of the Fund in relation to the sale and purchase of assets of the Fund.

Exit Fee – this is a fee to recover the cost of disposing all or part of members’ interests in the Fund.

Indirect Cost Ratio (ICR) – for an investment option offered by the Fund, this is the ratio of the total of the indirect costs for the option to the total average net assets of the Fund attributed to the investment option.

Investment Fee – this is fee that relates to the investment of assets of the Fund and is more particularly described above.

Switching Fee – this is a fee to recover the cost of switching all or part of a member’s interest in the Fund from one investment option to another.

CHANGES IN FEES AND COSTS

All fees and charges are current and may be adjusted by the Trustee from time-to-time. The asset based fees that apply to Accumulation and Pension Accounts are reviewed each July and are based on the actual costs incurred during the previous financial year. The fee may change depending on the actual running costs of the Fund. The Trustee will notify you at least 30 days in advance if other fees and costs are to be increased.

You should note that the Fund fees and costs payable as described above have not been increased by the Trustee. The Trustee has only changed the way that the existing fees and costs have been disclosed in this Product Disclosure Statement as required by law. The changes mean that some amounts may look higher because the Trustee has added an extra ‘look through’ of disclosures to increase the transparency as part of the new legal requirements applying to Product Disclosure Statements.

Insurance

FES Super is reviewing its insurance arrangements.

An updated Product Disclosure Statement will be issued soon.

In the meantime, please contact us on (08) 9382 8444 for information about your insurance cover.

31 August 2020

How do I (or my beneficiaries) make a claim on my death and disability entitlements?

Death claims

In the event of your death, your employer will normally notify the *Superannuation Board*, whose staff will then liaise with your beneficiaries and/or your estate to finalise the payment of your death benefit.

If you have retained your benefit in the Fund on leaving employment or if you are a pension or spouse member you should ensure either your dependants or your proposed executor of your Will are aware you have a benefit entitlement in the Fund. They should then contact the Superannuation Office in the event of your death.

Disablement claims

If you are off work because of an illness or injury and it is likely that you will be making a claim for a total and permanent disablement benefit, you should contact the Superannuation Office as soon as possible. There is generally a six month waiting period before being able to be assessed for a Total and Permanent Disablement benefit, but in exceptional circumstances, this waiting period may be able to be reduced.

Any alternative employment or work for reward arrangements you enter into during the six month waiting period will affect the benefit and assessment of both a Total and Permanent Disablement claim and a Supplementary Disablement Benefit claim where applicable. You should contact the Superannuation Office for further clarification.

Terminal illness claims

If you are diagnosed with a disease or condition that two registered medical practitioners have certified that it is likely to lead to your death within 24 months from the date of their certification you should contact the Superannuation Office as soon as possible.

What happens if I die?

If you die while you are a member of the Fund, the *Superannuation Board* will pay any monies that you are entitled to from the Fund (including any insurance proceeds where applicable) to one or more of your dependants.

The *Superannuation Board* also generally has the discretion to pay your entitlements to your legal personal representative rather than to one or more of your dependants.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Who are my dependants?

Partner	Husband or wife or de facto husband or wife. Same sex partners are also defined as dependants.
Child	Including step-child, adopted child or ex-nuptial child.
Financial dependant	Anyone who: 1. has a close personal relationship with you; 2. lives with you unless a physical, intellectual or psychiatric illness prevents them from living with you; 3. is provided with some form of financial support from you; 4. is provided with some form of domestic support and personal care from you. They do not need to be a relative.

The *Superannuation Board* encourages you to complete either a Preferred Beneficiary Nomination form or a Binding Death Benefit Nomination form to help the *Superannuation Board* decide how your monies should be distributed on your death.

Please note that the Preferred Beneficiary Nomination form is not binding on the *Superannuation Board*, but will aid the *Superannuation Board* in understanding your wishes when determining how to pay your monies on death. The *Superannuation Board* will consider all of the circumstances applicable at the time of your death prior to paying any monies. It is important that you make sure your relevant death benefit form is kept up to date at all times.

Binding Death Benefit Nominations on the other hand provides greater certainty for you about who will receive your superannuation death benefit if you should die whilst a member of the Fund. This nomination binds the *Superannuation Board* to pay to whom you direct (providing the nomination satisfies the requirement of superannuation laws at the time of your death). Nominated beneficiaries must be your partner, child(ren), financial dependant(s), a person with whom you have an interdependency relationship or your legal personal representative. All your nominated beneficiaries must be alive and fall within one of these categories at the time of your death.

A Binding Death Benefit Nomination (BDBN) will be valid for three years from the date of receipt by the Fund. You may renew or change your BDBN at any time. The Superannuation Office will contact you just prior to its expiration to remind you to renew your BDBN.

If your BDBN is valid at the time of your death, the *Superannuation Board* must follow it no matter how your circumstances may have changed. For example, if you nominate your partner and you later separate, but have not yet obtained a divorce, your BDBN remains valid and binds the *Superannuation Board* to pay your death benefit to your partner. These BDBN's remain in place until you vary or cancel them, or where they expire after three years.

A BDBN form can be downloaded from the Fund's website www.fessuper.com.au or alternatively please contact the Superannuation Office and request a copy of the form.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Investment Choice for Members with an accumulation type of account

The Fund gives you a say in how your superannuation is invested. There are seven different investment options you can choose from and these are as follows:

- Smoothed;
- Cash;
- Moderate
- Growth;
- Australian Share;
- International Share; and
- Fixed Interest.

The investment options apply to monies held in any one or more of the following superannuation accounts in the Fund:

- **accumulation account;**
- Spouse account;
- Retained benefit account: relates to monies that members retain in the Fund regardless of whether they are working; and
- Pension account: relates to members using the Fund's pension option(s) in retirement.

Each investment option has different risk/return characteristics and the most suitable option(s) for you will depend on your individual circumstances.

The **Superannuation Board** uses professional investment fund managers to manage most of the Fund's investments, and these managers are regularly monitored. The **Superannuation Board** is able to replace any fund manager if it is not satisfied with them.

Information about these investment options is provided below, but before you look at this, the following notes may help you in choosing which investment option or options is right for you.

Important:

Please note that a choice of investment options does not apply to **defined benefits**, since **defined benefits** are calculated as a multiple of your **final average salary**.

How do I choose which option is right for me?

In order to determine which investment option is right for you, it is important for you to understand the potential risks and rewards involved with each option.

Understanding the risk/return trade-off

As a general rule, the more an investment is expected to earn over time, the more likely that it will fluctuate (or move up and down) in value on a shorter term or year-by-year basis.

For example, investments in shares have had many ups and downs over the years and in some years have even gone backwards. The 1987 stock market crash and the sharp downturn in share markets during 2001 to 2003 and more recently in 2008/9 stand out as examples of years when share markets lost money. 2008/9 in particular produced large negative returns which meant investments went backwards. However, there have been other years when share markets have done very well, for example 2005 to 2007. Investments in cash, on the other hand, have always produced positive returns, year in year out, but over the longer term, the average return from cash is usually much less than the returns gained from shares.

Just 1% or 2% more each year can make a big difference!

The power of compounding interest over time means that even an extra 1% or 2% average return each year can make a big difference to your final superannuation payout. For example, an extra 2% return per annum over 30 years could increase your final superannuation payout by 40-60% on retirement.

The trade-off is:

Higher expected long-term investment returns versus more stable year-to-year investment returns.

Fire and Emergency Services Superannuation Fund Additional Reference Material for Product Disclosure Statement

In order to get that extra 1%-2% per year on average (which can add up over the longer term), you are likely to see more ups and downs in the value of your superannuation investment in any one year.

The significant risks that relate to investing in the Fund are:

- Market risk – economic, technological, political or legal conditions and even market sentiment can (and do) change, and this can mean that changes in the value of investment markets can affect the value of the investments in the Fund;
- Currency risk – Certain investment options invest in overseas investments, and if the currencies of any of those countries rise or fall in value relative to the Australian dollar, the value of the investment can change;
- Liquidity risk – this is the risk of being unable to convert an investment into cash with little or no loss of capital and minimum delay. Some investments, such as direct property and private equity, are relatively illiquid;
- Interest rate risk – changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns – for example, the income return on a fixed interest security can become more or less favourable;
- Inflation risk – the risk that inflation may exceed the return on your investment thereby eroding the purchasing power of your money;
- Individual investment risk – individual assets under each investment option can (and do) fall in value for many reasons, such as changes in the internal operations or management of a fund or entity in which the fund invests, or the business environment in which it operates;
- Derivatives risk – derivatives are used to reduce risk or gain exposure to other types of investments when appropriate. Each investment manager may invest directly or indirectly in derivatives. Risks associated with derivatives include the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, not being able to meet payment obligations as they arise and counterparty risk (this is where the counterparty to the derivative contract cannot meet its obligations under the contract);
- Changes to superannuation law – changes are frequently made to superannuation law which may affect your benefits or your ability to access your benefits;
- Changes to taxation – changes may occur to the taxation of superannuation, which may affect the return on your investment; and
- Negative returns – there is a risk that some of the investment options have negative investment returns and that you do not receive the repayment of capital or may have a reduction in your investment amount.

For *contributing members*, the *defined benefit* portion of your superannuation entitlement is linked to movements in your *final average salary*, rather than investment returns. Consequently, many of the investment risks mentioned above do not directly affect the *defined benefit* portion of your superannuation entitlement since the employer bears the investment risks by meeting the balance of the cost of your *defined benefit* which is not met from your own contributions.

Where should I be investing?

The extent to which you invest in shares and target return investments (known as “growth” assets) as compared to fixed interest and cash (known as “income” assets) determines the extent to which you are trading off higher expected long-term returns for greater year-to-year stability. The more you invest in shares and target return investments, the more you would expect to achieve:

- Higher long-term investment returns (as compared to cash and fixed interest);
- Greater protection against the impact of inflation on your savings; and
- Greater risk that returns could be low or even negative in any one year.

Target return investments include directly held property, infrastructure, hedge funds and real return funds.

As a general rule of thumb, if you are only investing for another few years or are not willing to accept both the ups and downs in the value of your superannuation account, you may wish to look for greater stability rather than the extra long-term return by selecting an option with a lower exposure to growth assets and a higher exposure to income assets.

If you are investing for at least another 5 years, you should consider to what extent you can tolerate the ups and downs in the value of your superannuation account versus the comfort of more stable year-to-year returns. If you are willing to accept losses on your superannuation account from time-to-time in return for higher expected long-term gains, you may wish to consider selecting an option with a greater exposure to growth assets and a lower exposure to income assets.

You should seek professional financial advice if you need assistance in determining the right investment option for you.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

The Smoothed Option

The Smoothed Option is the Fund's default investment option. If you do not notify the *Superannuation Board* of your preferred investment option(s), your accumulation account will be invested in the Smoothed Option only.

The Smoothed Option has been specifically designed for members who:

- want to be invested in the higher growth sectors over the longer term; but
- want greater certainty in their year-to-year investment returns; and
- are willing for the Fund to set aside a portion of the investment return in a reserve in good investment years (when returns are high) in order to supplement returns in poor investment years (when the markets may lose money).

The Smoothed Option uses an averaging process to smooth the year-to-year investment returns credited to members. Generally, the smoothing (or averaging) process works by setting aside a portion of the Fund's earnings to a reserve when investment returns are higher. In these years, a reduced investment return is paid to members' accounts. Then, in years of lower investment returns, the reserves can be used to increase the investment return credited to members' accounts.

Using a smoothing or averaging process provides members with less fluctuation in year-to-year investment returns than if their money was exposed to full market movements each year. However the *Superannuation Board* reserves the right to not use the smoothing process for the Smoothed Option in any financial year.

Important:

Capital losses can occur within the Smoothed option. However, the smoothing/averaging process reduces the likelihood of negative returns (i.e. investment losses) being credited to your *accumulation account* in any one year.

Moving monies out of the Smoothed option is a one-way move

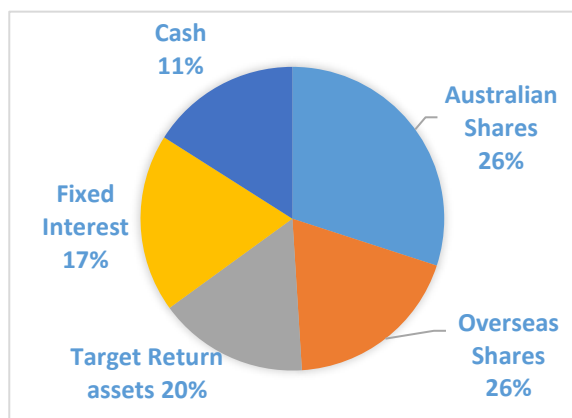
In order to protect any investment reserves in the Smoothed option, once you move monies out of the Smoothed option, you cannot transfer these monies back to the Smoothed option at a later time, except where you commence a pension.

Selecting from the options

Each of the investment options has different investment aims, objectives and strategies (ways to achieve the aims). These are described below. The pie charts below show the long-term benchmark allocations for each option.

Smoothed Option

(75% exposure to shares and target return assets)

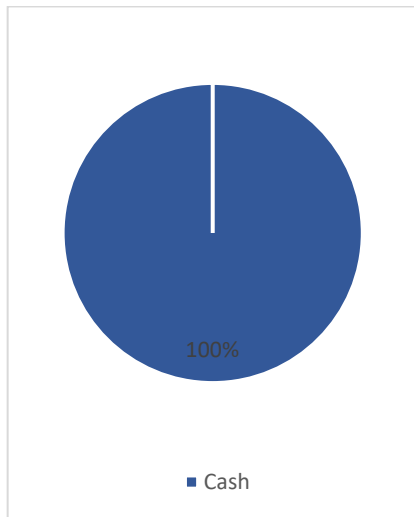


Aim	To provide a competitive growth investment with smoothed investment returns on a year-to-year basis.										
Objective	To earn at least CPI plus 4% per annum over a rolling 10 year period net of tax and fees.										
Strategy	Invest approximately: <ul style="list-style-type: none"> • three quarters in shares/target return assets; and • one quarter in cash/fixed interest. 										
Targeted investments	<table border="0"> <tr> <td>Australian shares</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>Overseas shares</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>Target Return Assets</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>Australian Fixed Interest</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">5%</td> </tr> </table>	Australian shares	25%	Overseas shares	25%	Target Return Assets	25%	Australian Fixed Interest	20%	Cash	5%
Australian shares	25%										
Overseas shares	25%										
Target Return Assets	25%										
Australian Fixed Interest	20%										
Cash	5%										
Suitable for	Members who: <ul style="list-style-type: none"> • expect to have their assets invested for more than 5 years; • would like exposure to growth assets; and • want less volatility in their year-to-year investment returns. 										
Historical performance	For details on the historical investment performance of the Smoothed Option, refer to page 27.										
Risk Level	Medium to high										
Risk of negative returns	To achieve less than three negative annual returns (after smoothing) in any 20 year period (on average).										

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

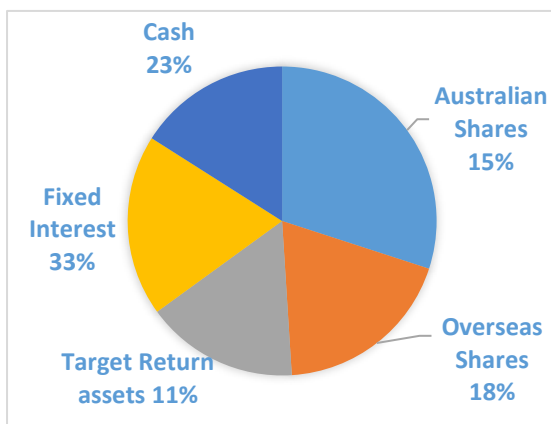
	The composition of the Smoothed Option is similar to that of the Growth Option. However historically the Smoothed Option has produced a smaller frequency of negative returns. This is due to the use of an investment fluctuation reserve in which a portion of the Fund's earnings are set aside in the good investment years (i.e. when returns are high) in order to supplement returns in poor investment years (i.e. when the markets may lose money).
--	--

Cash Option
(100% exposure to cash)



Aim	To protect members' capital at all times.
Objective	To earn investment returns competitive with other cash investments net of tax and fees.
Strategy	Invest in cash or other short-term investments.
Targeted investments	Cash 100%
Suitable for	Members who: <ul style="list-style-type: none"> • have a short to medium investment horizon (0-3yrs); • do not like risk; and • are willing to accept lower returns for protection from short-term investment losses.
Historical performance	For details on the historical investment performance of the Cash Option, refer to page 27.
Risk Level	Very low
Risk of negative returns	Not expected in any one year period.

Moderate Option
(50% exposure to shares and target return assets)

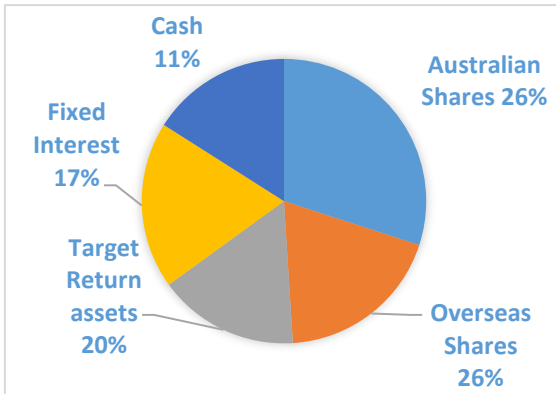


Aim	To earn higher investment returns than cash while maintaining a conservative approach so the risk of capital losses in any one year remains low.
Objective	To earn at least inflation (CPI) plus 2% per annum over a rolling 10 year period net of tax and fees.
Strategy	Invest approximately: <ul style="list-style-type: none"> • one half in shares/target return assets; and • one half in cash/fixed interest.
Targeted investments	Australian Shares 15% Overseas Shares 15% Target Return Assets 15% Australian Fixed Interest 30% Cash 25%
Suitable for	Members who: <ul style="list-style-type: none"> • have a short to medium time frame for their investment (3-7yrs); • would like a small exposure to growth assets; and • want to limit the potential for short-term investment losses.
Historical performance	For details on the historical investment performance of the Moderate Option, refer to page 27.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Risk Level	Low to Medium
Risk of negative returns	To achieve less than three negative annual returns in any 20 year period (on average).

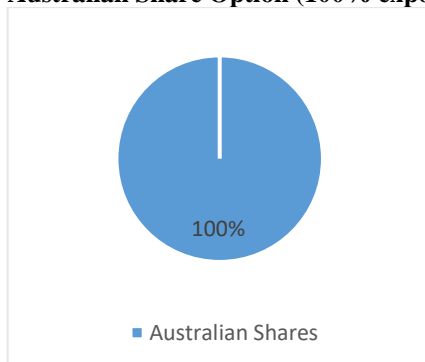
**Growth Option
(75% exposure to shares and target return assets)**



Note: Whilst the investment mix of the growth and smoothed options are similar there is no smoothing of the returns under the growth option.

Aim	To provide a competitive growth investment.										
Objective	To earn at least CPI plus 4% per annum over a rolling 10 year period net of tax and fees.										
Strategy	Invest approximately: <ul style="list-style-type: none"> • three quarters in shares/target return assets; and • one quarter in cash/fixed interest. 										
Targeted investments	<table border="0"> <tr> <td>Australian shares</td> <td>25%</td> </tr> <tr> <td>Overseas shares</td> <td>25%</td> </tr> <tr> <td>Target Return Assets</td> <td>25%</td> </tr> <tr> <td>Australian Fixed Interest</td> <td>20%</td> </tr> <tr> <td>Cash</td> <td>5%</td> </tr> </table>	Australian shares	25%	Overseas shares	25%	Target Return Assets	25%	Australian Fixed Interest	20%	Cash	5%
Australian shares	25%										
Overseas shares	25%										
Target Return Assets	25%										
Australian Fixed Interest	20%										
Cash	5%										
Suitable for	Members who: <ul style="list-style-type: none"> • expect to have their assets invested for more than 5 years; • would like exposure to growth assets; and • want less volatility in their year-to-year investment returns. 										
Historical performance	For details on the historical investment performance of the Growth Option, refer to page 27.										
Risk Level	Medium to high										
Risk of negative returns	To achieve less than four negative annual returns in any 20 year period (on average).										

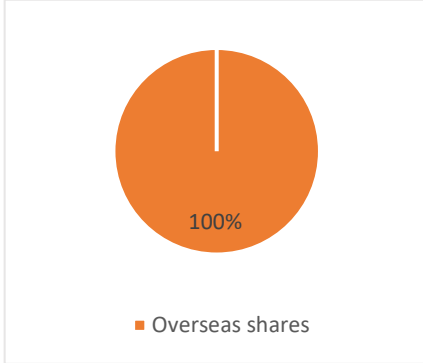
Australian Share Option (100% exposure to Australian shares)



Aim	To provide a diversified investment in Australian shares.
Objective	To earn at least the benchmark return for Australian shares (S&P/ASX 300 Accumulation Index) net of tax and fees.
Targeted investments	Australian shares 100%
Suitable for	Members who: <ul style="list-style-type: none"> • have a long time frame for their investment (7 years or more); • can tolerate risk and investment losses from time-to-time; and understand that gains and losses can occur in any share market
Historical performance	For details on the historical investment performance of the Australian Share Option, refer to page 27.
Risk Level	High
Risk of negative returns	To achieve less than six negative annual returns in any 20 year period (on average).

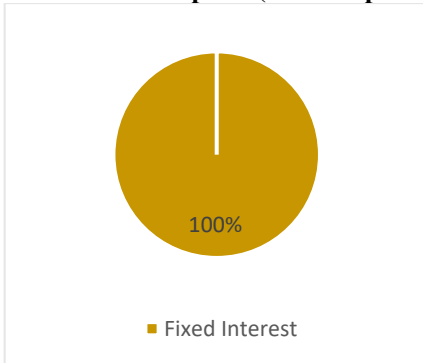
**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

International Share Option (100% exposure to overseas shares)



Aim	To provide a diversified investment in overseas shares.
Objective	To earn at least the benchmark return for overseas shares (MSCI World ex-Australia Index in \$AUD) net of for tax and fees.
Targeted investments	Overseas shares 100%
Suitable for	Members who: <ul style="list-style-type: none"> • have a long time frame for their investment (7 years or more); • can tolerate risk and investment losses from time-to-time; and understand the gains and losses that can occur in any share market
Historical performance	For details on the historical investment performance of the International Share Option refer to page 27. This option was first introduced with effect from 1 January 2016.
Risk Level	High
Risk of negative returns	To achieve less than six negative annual returns in any 20 year period (on average).

Fixed Interest Option (100% exposure to fixed interest)



Aim	To provide a diversified investment in Australian Fixed Interest.
Objective	To earn at least the benchmark return (Bloomberg Ausbond Composite Bond Index) net of tax and fees.
Targeted investments	Australian Fixed Interest 100%
Suitable for	Members who: <ul style="list-style-type: none"> • have a short to medium time frame for their investment (3-7yrs); • want to limit the potential for short term investment losses.
Historical performance	For details on the historical investment performance of the Fixed Interest Option refer to page 27. This option was first introduced with effect from 1 January 2016.
Risk Level	Low to medium
Risk of negative returns	To achieve less than four negative annual returns in any 20 year period (on average).

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Social, environmental and ethical issues

The *Superannuation Board* takes into account social, ethical and environmental considerations and labour standards when selecting, retaining or realising the Fund's investments only to the extent that they are expected to achieve superior risk-adjusted returns consistent with the *Superannuation Board's* investment objectives.

The *Superannuation Board's* policy is not to impose any additional requirements on its appointed investment managers in relation to the extent to which labour standards or social, environmental or ethical considerations are to be taken into account and relies on the investment managers to adopt appropriate policies. The managers are therefore free to develop, apply and refine investment processes to take these considerations into account in the manner they best see fit, provided their actions are expected to achieve superior risk-adjusted returns.

Frequently Asked Questions about the investment options

What happens if I don't make a choice?

If you do not advise the *Superannuation Board* of your preferred investment option(s), your money will be automatically invested by the *Superannuation Board* in the Smoothed Option until you advise otherwise.

Can I move monies in and out of the Smoothed Option?

You can move monies out of the Smoothed Option into any other investment option that you wish, but you cannot move monies back into the Smoothed Option at a later time. Moving monies out of the Smoothed Option is a one-way move (unless you are commencing a pension option within the Fund, in which case, all investment options are available to you).

What are the costs of each option and the Fund as a whole?

All fees that may be charged are shown in the Fees and Other Costs section of this document which commences on page 13.

Can I choose more than one option?

Yes, you can mix and match any combination of the investment options for your:

- *accumulation account*;
- spouse account;
- retained benefit account; or
- pension account(s).

You are not restricted to just one option.

You can also select a different mix to apply to your existing balance versus your future contributions or any future transfers from other funds if you wish.

What if I change my mind about my investment choice?

If you wish to change your investment option choice (called "switching"), you can do so by completing the appropriate form (available for download from the Fund's website www.fessuper.com.au) and lodging it with the Superannuation Office, or by advising the Superannuation Office in writing.

You can change your investment mix at any time during the year. You can make up to **four** changes in each financial year without incurring a fee. Your investments will be switched on the first day of the month following the receipt and acceptance of your instructions by the Superannuation Office. Your instructions must be received by the Superannuation Office no later than close of business hours (for the Superannuation Office) on the last business day of each calendar month in order for them to be processed at the start of the following month.

Fire and Emergency Services Superannuation Fund Additional Reference Material for Product Disclosure Statement

Details of the costs associated with switching are set out in the Fees and other costs section of this document which commences on page 13, but for each switch of investment option you make after your fourth switch in any financial year, you will incur a fee of \$50 which will be debited from your account.

Withdrawing your money

If you are eligible to access your superannuation and you make a partial lump sum withdrawal from your superannuation monies, you will need to nominate to the Superannuation Office which investment option the withdrawal is to be made from.

If you do not nominate which investment option the withdrawal is to be made from, the lump sum will be withdrawn proportionally from each option you are invested in based on your current investment split.

Investment returns

For all investment options except the Smoothed Option, the investment returns allocated to your account each month will be the actual earning rate of the relevant investment option, net of tax and any fees. These investment returns may be positive or negative, in other words your balance may increase or decrease depending on market performance. Where your total benefit is withdrawn part way through any month prior to the earning rate for that month being calculated, an interim earning rate (net of tax and fees) will be applied for the portion of the applicable month.

For the Smoothed Option, the final monthly investment return credited to your account each financial year will be determined following the 30 June annual review. Any benefits totally withdrawn by you from the Fund during the year will be credited with earnings at an interim earning rate. For details of the current interim earning rate for the Smoothed Option, please contact the Superannuation Office.

I'm still unsure about which investment option I should choose, what should I do?

If you are unsure about how your superannuation monies should be invested, then you should talk to a licensed financial adviser.

Historical Investment Performance

The Fund is a 'not-for-profit' fund. With the exception of the Smoothed Option, all earnings in the investment options are distributed to Fund members after expenses and tax have been deducted. Therefore the investment return that is allocated to your account reflects the earnings from your chosen investment option(s) (after all expenses and tax have been deducted).

Earnings are calculated and allocated to your account on a monthly basis. As it takes several weeks to obtain the required information to calculate the earning rate, an interim monthly earning rate is used if you withdraw your total benefit from the Fund before the final earning rate for a particular month has been calculated.

By contrast, the Smoothed Option uses an averaging process to smooth the monthly investment returns credited to members invested in this option. Generally, the smoothing (or averaging) process works by setting aside a portion of the Fund's earnings to an investment reserve account when investment returns are higher. On these occasions, a reduced investment return is paid to members' accounts. On occasions when lower investment returns apply, the reserve account can be used to increase the actual investment return allocated to members' accounts.

The investment return performance of the available investment options over the past five years to 30 June 2018 are shown below (after investment fees and tax have been deducted). The three, five and ten year annual averages for five of the investment options are also shown. The International Share and Fixed Interest options were first introduced in the Fund on 1 January 2016 so the investment returns shown for these two options is for a two year period only.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Returns paid to members' accumulation accounts
(after tax and all asset based fees have been deducted)

Year ending 30 June	Cash	Moderate	Smoothed	Growth	International Share	Australian Share	Fixed Interest
2018	1.4%	5.5%	9.0%	8.4%	15.0%	13.3%	1.7%
2017	2.0%	7.5%	7.5%	9.1%	13.7%	15.4%	3.2%
2016	2.1%	1.4%	2.0%	1.5%	N/A	-2.2%	N/A
2015	2.6%	3.2%	6.4%	7.4%	N/A	3.4%	N/A
2014	2.9%	9.1%	11.2%	11.7%	N/A	20.0%	N/A
3 Year Ave (pa)	2.2%	5.2%	6.7%	6.7%	N/A	8.9%	N/A
5 Year Ave (pa)	2.6%	5.7%	7.9%	7.9%	N/A	10.1%	N/A
10 Year Ave (pa)	3.4%	5.6%	6.6%	6.6%	N/A	7.5%	N/A

For pension members, the assets are invested in the same manner as for other members, with the only difference being there is no tax payable on investment earnings. The Federal Government removed the tax exempt status of assets supporting transition to retirement pensions with effect from 1 July 2017. A history of investment return performance (after fees) for pension investments is shown below.

Returns paid to account based pensioners' accounts
(after all asset based fees have been deducted)

Year ending 30 June	Cash	Moderate	Smoothed	Growth	International Share	Australian Share	Fixed Interest
2018	1.8%	6.2%	10.0%	9.4%	17.6%	13.9%	2.2%
2017	2.4%	8.3%	8.3%	10.2%	15.9%	16.1%	3.7%
2016	2.6%	1.8%	2.2%	1.6%	N/A	-2.4%	N/A
2015	3.1%	4.2%	7.5%	8.6%	N/A	5.3%	N/A
2014	3.5%	10.6%	12.5%	13.2%	N/A	23.2%	N/A
3 Year Ave (pa)	2.6%	5.8%	7.4%	7.4%	N/A	9.3%	N/A
5 Year Ave (pa)	3.0%	6.5%	8.9%	8.9%	N/A	11.2%	N/A
10 Year Ave (pa)	4.0%	6.4%	7.5%	7.5%	N/A	8.2%	N/A

Smoothed Option earning rate

The tables above show the investment returns credited to members' accumulation accounts for each period. For completeness, the table below shows the actual earning rate for the Smoothed Option (after tax and investment fees), before the smoothing process was applied.

Earning rate for Smoothed Option
(after tax and investment management fees only)

Year ending 30 June	Earning rate before smoothing applied
2018	8.4%
2017	9.1%
2016	1.9%
2015	7.8%
2014	12.0%
3 Year Ave (pa)	6.5%
5 Year Ave (pa)	7.8%
10 Year Ave (pa)	6.0%

Operational Risk Financial Requirement

The Australian Prudential Regulation Authority (APRA), the superannuation industry regulator, imposed a requirement on trustees of all regulated superannuation funds to establish a financial reserve in those funds with effect from 1 July 2013 for operational risk events that may occur in the funds in the future.

The purpose of this reserve is to provide all members with financial protection against unexpected operational risk events, such as an overpayment or miscalculation of a member's superannuation benefit that cannot be recouped from the payee.

In accordance with this formal requirement the *Superannuation Board* established an operational risk financial requirement (ORFR) reserve in the Fund accounts with effect from 30 June 2013 that is a dollar figure equivalent to 0.3% of Fund assets under management as at 30 June 2013. The reserve has been deducted from the Fund earnings on assets supporting both defined benefit and accumulation members.

This ORFR reserve will only be used to meet any claims for compensation from members or their beneficiaries in connection with operational risk events that occur in the Fund such as failure by the *Superannuation Board* to identify or prevent fraudulent activity or failure to ensure the security of information. The ORFR will be maintained and monitored by the *Superannuation Board* on an ongoing basis and will be shown separately from the members' assets in the annual Fund accounts.

The effect of this action is that all members of the Fund regardless of their category of membership will be protected from any financial liability that may arise if an operational risk event occurs in the Fund in the future.

What other benefits does the Fund provide?

✓ Retained Benefit Account

The Fund allows you to leave your superannuation account balance in the Fund (for amounts over \$10,000 only) when you leave your employment. This arrangement is called the Retained Benefit Account option. Your money will be credited with investment returns based on your selected investment option(s). The same investment options are available to Retained Benefit Account members as for other Fund members who have accumulation accounts.

If you wish to make partial withdrawals from your Retained Benefit Account, including transfers to other superannuation funds, you are allowed to make up to eight lump sum withdrawals without charge during each financial year. Each withdrawal must be at least \$2,000 in total. Any partial withdrawals you make in excess of eight in a financial year will each incur a fee of \$50. However, you may only withdraw your superannuation entitlements in cash under those circumstances set by legislation.

You should note that your insurance cover will generally terminate once you cease your employment, as will any employer contributions being made on your behalf. If you are a *contributing member*, your *defined benefit* will be calculated at the date of leaving employment and transferred into your *accumulation account*.

The same fees and costs apply to Retained Benefit Account members as apply to other accumulation account members.

For the full terms and conditions of leaving your money in the Retained Benefit Account option, please contact the Superannuation Office.

✓ Spouse Account

The Fund allows you to open an accumulation account in the Fund for your partner (spouse). If your partner is a low income earner, you may be able to receive a tax offset for making contributions on behalf of your partner. Your partner may also be eligible for the Government Co-Contribution should they choose to make contributions to their account themselves.

You can make after-tax voluntary contributions into your partner's account, and these will be credited with investment returns based on your partner's selected investment option(s).

In order to open a spouse account for your partner, you must be a Fund member yourself, and either:

- make a minimum initial investment of \$1,000 to establish your partner's spouse account; or
- commit to a regular deduction of at least \$20 per week from your pay for at least one year, to be paid into your partner's spouse account.

The same investment options and fees and costs apply to partner members as for other accumulation account members.

Death and Total and Permanent Disablement Insurance cover is now available for partner members on a voluntary opt in basis'. A minimum number of two units of insurance cover applies.

For further information, contact the Superannuation Office.

✓ Pension options on retirement

On retirement, you can keep your superannuation money invested in the Fund and draw a regular income stream with the Fund's pension option. A pension can be a very tax effective way of drawing on your superannuation in retirement. The pension option offered is an account based pension that gives you considerable flexibility and control over your retirement income while ensuring that your capital is not lost to your beneficiaries when you die.

For further information on the pension retirement options offered by the Fund, please contact the Superannuation Office for a copy of the Product Disclosure Statement for Pension Members setting out these options in more detail. Alternatively the Pension Members Product Disclosure Statement can be downloaded from the Fund's website at www.fessuper.com.au

Taxation of the Fund

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Tax implications of superannuation

For superannuation funds, tax is paid on:

- **Contributions** – all contributions made by your employer into the Fund and any contributions made by yourself which have not already been taxed (e.g. salary sacrifice contributions) are subject to a tax rate of 15% on receipt. Where these contributions are credited to an *accumulation account*, the tax payable is deducted before the contributions are allocated to your account.

If you were a higher income earner from 1997-2005 an additional superannuation contribution surcharge tax may also be deducted from employer and salary sacrifice contributions paid on your behalf if your income (including employer superannuation contributions and fringe benefits) exceeded the surcharge tax threshold in those financial years. You can find the threshold and surcharge tax rates for the years 1997 – 2005 on the Australian Taxation Office (ATO) web-site, or by contacting the ATO.

Although the superannuation contribution surcharge tax was abolished from 1 July 2005 any liabilities for that tax that were raised for you in the financial years 1997-2005 will still need to be paid.

If the Fund is required to pay the additional surcharge tax for you from contributions paid on your behalf, the surcharge tax will be treated as follows:

For contributing members

Any surcharge tax liability will be debited to an *accumulation account* in your name and increased with a rate of interest each year equivalent to the investment returns allocated for the Smoothed investment option. On leaving employment, the value of your surcharge tax account will be deducted from your final superannuation entitlement and remitted direct to the ATO.

Alternatively, you may choose (or have chosen) to make an additional voluntary contribution to the Fund to pay for the amount of surcharge tax assessment raised by the ATO in your name.

For non-contributing members

Any surcharge tax liability for you will be deducted from your *accumulation account*.

Additional tax for high income earners

High income earners must now pay an additional 15% tax on their concessional contributions made to the Fund. The additional tax is referred to as Division 293 tax. A person is classed as a high income earner if their annual income threshold including concessional superannuation contributions exceeds \$250,000 in a financial year. Division 293 tax reduces the superannuation tax concession that high income individuals receive. The ATO will issue Division 293 notices direct to individuals affected following receipt of information from the individual's income tax return.

- **Fund earnings** – taxed at a rate of up to 15%. This tax is paid directly from the Fund and is deducted prior to investment returns being allocated to your *accumulation account*.
- **Superannuation payouts** – when you leave the Fund, tax may be payable on any lump sum payments taken. These payments will generally be taxed at concessional rates that vary depending on a number of factors such as your age, how much you withdraw and how much of the payment consists of your own contributions. If you transfer your account balance to another superannuation fund, your money will generally not be taxed by this Fund on transfer.

The **Government** restricts and imposes limits on the amount of any lump sum payment that can be taken at concessional tax rates if you are between your preservation age and age 60. You can still receive monies in excess of these limits, but extra tax would be payable on the taxable component of the excess amount. These limits are called the Low Rate Cap Amount.

For information on the current tax rates on superannuation lump sum pay-outs or Low Rate Cap Amounts, contact the Superannuation Office. If you think you could be affected by the Low Rate Cap Amount, you should seek your own financial advice.

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Taxation of benefits on withdrawal

Your superannuation benefits are made up of two main components, a tax-free component and a taxable component.

1. The **tax-free component** includes:
 - the contributions segment; and
 - the crystallised segment.

The contributions segment generally includes all contributions made from 1 July 2007 that have not been included in the assessable income of the Fund. Typically these would be a member's personal contributions that are not claimed as an income tax deduction in the Fund.

The crystallised segment includes the following components (where applicable) of a super interest that were consolidated into the tax-free component on 1 July 2007:

- the concessional component
- the post-June 1994 invalidity component
- undeducted contributions made up to 30 June 2007
- the capital gains tax (CGT) exempt component
- the pre-July 1983 component.

The crystallised segment is calculated by assuming that a payment representing the full value of the superannuation interest was paid on 30 June 2007.

2. The **taxable component** includes:
 - an element taxed in the Fund, and/or
 - an element untaxed in the Fund.

The tax that the *Superannuation Board* deducts will only apply to the element taxed in the Fund (for example the 15% tax paid on contributions and the tax on the investment earnings). Any other tax payable will be assessed by the ATO from your income tax return lodged following the payment of the benefit.

Taxation of lump sum benefits*

Any lump sum you withdraw from the Fund will be taxed as follows:

- If you are aged 60 or over: tax free
- If you have reached your preservation age and are under age 60: 15% tax will be charged on the taxed element of the taxable component of any lump sum in excess of the Low Rate Cap Amount (the Low Rate Cap Amount is \$205,000 for the 2018/19 year)
- If you are aged below preservation age: 20% tax will be charged on the taxed element of the taxable component of any lump sum amount
- If you are a temporary visa resident: 35% tax will be charged on the taxed element of the taxable component of any lump sum amount.

Taxation of income stream benefits*

Any income stream you access from the Fund will be taxed as follows:

- If you are aged 60 or over: tax free
- If you have reached your preservation age and are under age 60: you will be taxed at your marginal tax rate on the taxable component of the income stream and receive a 15% tax offset
- If you are aged below preservation age: you will be taxed at your marginal tax rate on the taxable component of the income stream. If the income stream is a disability superannuation benefit you will be taxed at your marginal rate on the taxable component of the income stream and receive a 15% tax offset.

**All taxed amounts are additionally subject to the Medicare levy of 2%.*

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Taxation of death benefits paid to your dependants*

Lump sum death benefits are tax free when paid to your dependants.

Income streams paid to a dependant are tax free if either you or your dependant were aged at least 60 years at the time of your death.

Income streams paid to a dependant under the age of 60 will be subject to taxation at the dependant's marginal tax rate with a 15% tax offset.

Taxation of death benefits paid to non-dependants*

If the lump sum death benefit is paid to a non-dependant, the taxed element of the taxable component will be taxed at 15% but if there is an untaxed element included this part of the death benefit may be taxed at up to 30%. The tax free component will not be subject to tax if it is paid to a non-dependant.

**All taxed amounts are additionally subject to the Medicare levy of 2%.*

Other general information

Change in Employment and Category Transfers

If the basis of your employment changes and you are no longer eligible to remain a *contributing member* (for example, you change from permanent employment to casual or temporary employment), your accumulation account will be credited with the entitlement that would have been payable as if you had resigned from employment at the date of the change. In this case, you could still remain a member of the Fund, but your entitlements and membership category would change and you would be advised accordingly.

Tax File Numbers

It is in your interest to give the Fund your Tax File Number (TFN) when you join. You do not have to do so, but if you do not provide your TFN, you may pay tax at a higher rate on both contributions received for you and any benefits paid to you.

If the Fund doesn't have your TFN, it can only accept employer contributions and cannot accept any personal after tax contributions from you.

If you do not have a TFN, contact the ATO on 13 28 61. Unless you specifically request otherwise, your employer is required by law to provide your TFN to the Fund.

Where you decide not to provide your TFN to the Fund and you are under age 60 an additional amount of tax will be deducted from employer contributions (including salary sacrifice contributions) made to your account and also from benefits paid from your account. This additional amount of tax would be equivalent to an extra 32% tax rate including the Medicare levy amount, a total of 47% tax.

However, the additional amount of extra TFN tax imposed may be credited back to your account when the TFN is eventually provided to the Fund, subject to you quoting your TFN to the Fund within a prescribed period.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

When can I access my superannuation?

You, or your beneficiaries on your death, can only withdraw your superannuation entitlements in cash under one of the following circumstances:

- You reach your preservation age and have permanently retired from employment;
- You die;
- You become permanently incapacitated;
- You are a temporary resident permanently departing Australia;
- You reach age 65
- You are a lost member who is found, and the value of your preserved benefits does not exceed \$200; or
- You commence a transition to retirement pension after reaching your preservation age.

You may also be able to withdraw some of your superannuation entitlements earlier if you meet certain specific conditions and suffer severe financial hardship or require funds on compassionate grounds. You will need to obtain the approval of the appropriate **Government** department for claims made on compassionate grounds.

If you had superannuation prior to 1 July 1999, a portion of your money may be accessible in cash on leaving employment, but this will depend on your circumstances. If you are able to access any money in these circumstances, you will be advised of this when leaving employment.

Otherwise, the law does not allow you to receive your superannuation entitlements in cash until you meet one of the above criteria.

What are my options on leaving employment?

If you have ceased employment but do not meet the above conditions for accessing your money, you can either:

- retain your superannuation entitlements in the Fund (the Retained Benefit Account option). These monies will be credited to an accumulation account in your name and receive investment earnings based on your chosen investment options (you can vary these options even after you have left employment); or
- transfer your superannuation entitlements to another superannuation fund or to a retirement savings account.

If you wish to transfer your superannuation entitlements to another superannuation fund after you have ceased employment, please contact the Superannuation Office to arrange the transfer to your nominated fund. If you do not contact the Superannuation Office for transfer purposes and your account balance is \$10,000 or more, your superannuation entitlements will remain in the Fund (in your **accumulation account**) until you advise otherwise.

If you have reached your preservation age you can access one of the Fund's retirement pension options. Please refer to the Fund's Product Disclosure Statement for Pension Members for more information.

What is my Preservation Age?

Your Preservation Age is the age at which you can access your superannuation money generally following your permanent retirement from employment. Your preservation age is determined as follows:

If you were born...	Then your preservation age is...
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

Can my benefit be transferred to another fund without my consent?

If you cease employment with your current employer and where your superannuation entitlement is below \$10,000, the **Superannuation Board** may transfer your superannuation entitlement to an eligible rollover fund if you do not provide specific directions to the Superannuation Office. The **Superannuation Board** will endeavour to contact you using your last known contact details to advise you that your money is to be transferred to an eligible rollover fund. However, if it is

Fire and Emergency Services Superannuation Fund Additional Reference Material for Product Disclosure Statement

unable to contact you, your entitlement will be transferred to an eligible rollover fund chosen by the *Superannuation Board* without your consent.

The eligible rollover fund will have different investment options, fees and investment returns to the Fire and Emergency Services Superannuation Fund.

The *Superannuation Board* may transfer your monies to an eligible rollover fund if:

- you have left employment; and
- your superannuation entitlement is less than \$10,000; and
- you have not responded to the *Superannuation Board's* request to you for payment details within 90 days; or
- if the *Superannuation Board* has been unable to contact you for a considerable period of time.

Lost Member

If you become a lost member in the Fund the *Superannuation Board* will be required to transfer your benefit to the Australian Taxation Office.

You become a lost member when:

- the Fund receives one piece of mail returned as unclaimed from your last known address;
- the Fund has no details of your correct address;
- the Fund has not received a contribution or roll over into your account within a five year period.

Representation on the Superannuation Board

Members have the opportunity from time to time to nominate for one of the three member-elected positions on the *Superannuation Board*. Each term of appointment is for three years and after this period retiring *Superannuation Board* members are eligible for re-election subject to a maximum period of tenure. There is also an opportunity to stand for an alternate member elected position on the *Superannuation Board*. The term of appointment for an alternate member elected position is currently one year.

You can stand for election as long as:

- you are at least 18 years of age; and
- you are a member of the Fund; and
- you are not disqualified from acting as a trustee of a superannuation fund under superannuation law.

A member-elected representative to the *Superannuation Board* will cease to hold office upon:

- expiration of the term of appointment (unless re-elected);
- resignation from the position;
- ceasing to be a member of the Fund;
- becoming disqualified by law to act as a trustee of a superannuation fund; or
- 5% or more of the Fund's membership petitioning for the removal of the member-elected representative, in which case a new election will be held for that position.

A vacancy in one of the *Superannuation Board* positions must be filled within 90 days.

How do I make an enquiry or complaint about the Fund?

The *Superannuation Board* makes every effort to ensure that the level of service provided meets your expectations. However, if you have an issue or complaint, the *Superannuation Board* has established the following procedure to ensure a timely resolution:

1. Talk to the Secretary/Manager of the Fund or one of the *Superannuation Board* members. The issue may be easily resolved.
2. If this does not resolve the issue, address your complaint in writing to the *Superannuation Board*. The *Superannuation Board* is required by law to formally consider your complaint and respond to you in writing within 90 days from receipt of your complaint.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

3. If you are still dissatisfied with the *Superannuation Board's* handling of your complaint or their decision, you may contact the Australian Financial Complaints Authority.

The Australian Financial Complaints Authority (AFCA) is an independent complaints resolution service set up by the **Government** to assist members, the financial services industry, as well as consumers and small business to resolve certain types of complaints with fund trustees. AFCA may be able to assist you to resolve your complaint, but only after you have made use of the *Superannuation Board's* own enquiries and complaints procedures.

Certain complaints need to be lodged with AFCA within specified time limits. If you wish to find out whether AFCA can handle your complaint and the type of information you would need to provide, telephone 1800 931 678 (free call) or email info@afca.org.au If you prefer to write to AFCA their postal address is:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001.

Further information on AFCA can be obtained on their website www.afca.org.au

How can I get Further Information?

Superannuation is not as complicated as you might think. This document summarises your entitlements as a member of the Fund and is an important reference for the future. You may like to discuss the entitlements provided by this Fund with your partner or your financial adviser where appropriate.

You will be kept regularly informed of your entitlements as well as the progress of the Fund. Each year, you will receive or have access to, a detailed annual benefit statement setting out your entitlements in the Fund and a copy of the annual report to members from the *Superannuation Board*. You are also entitled to see the Act and Regulations governing the operation of the Fund, copies of audited accounts and actuarial reports, if you wish. These documents are available on the Fund's website at www.fessuper.com.au

Should you have any questions, the Secretary/Manager would be pleased to help you with any superannuation matters. You can contact the Secretary/Manager at the Superannuation Office during normal office hours using the following contact details:

Secretary/Manager Fire and Emergency Services Superannuation Board 242 Rokeby Road Subiaco WA 6008 Telephone: (08) 9382 8444 Facsimile: (08) 9382 8464 Email: admin@fessuper.com.au
--

Some Useful Terms

Throughout this document, certain terms have been used which have a specific meaning in relation to this Fund. These terms are usually shown in ***bold italics***. These are explained below.

accumulation account

This account operates like a superannuation savings account. Into this account will go:

- any additional voluntary contributions or lump sum payments you choose to make;
- any monies transferred from other superannuation funds, or amounts transferred from another membership category in the Fund;
- any surplus or reserve distributions that you may be entitled to;
- employer contributions for ***non-contributing members*** and certain ***contributing members*** (those who have transferred their ***defined benefit*** to an accumulation benefit or are over age 65); and

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

- investment earnings on these monies (which may be positive or negative) based on the earning rates declared by the Superannuation Board for your selected investment options.

There may be deductions from this account for:

- any expenses or activity based fees that may apply;
- any insurance premiums that may apply (usually for *non-contributing members* and certain *contributing members* who have transferred their *defined benefit* to an accumulation benefit); and
- any taxes payable to the government.

The balance of this account will be paid to you on leaving the Fund.

contributing member

A member of the Fund who is aged less than 65 and either:

- contributes 6.25% or more of their *superannuation salary* in return for their *defined benefit*; or
- contributes 6.25% or more of their *superannuation salary* but having reached age 55 or upon having accumulated 30 years' of Fund membership, has transferred their *defined benefit* into their *accumulation account*.

DFES

Means the Department of Fire and Emergency Services of Western Australia.

defined benefit

A contributing member's superannuation entitlement that is linked to their *final average salary* at retirement and is determined by way of a formula using a membership multiple times *final average salary*.

discount factor

This factor applies to a *contributing member* who has not transferred their *defined benefit* to an *accumulation account*. The factor is determined by the Superannuation Board on the advice of the Fund Actuary, and is applied to the resignation benefit of this category of *contributing member* on leaving employment prior to age 55. The current discount factors for various ages of *contributing members* who have not transferred their *defined benefit* to an *accumulation account* are illustrated in the table below on page 38.

final average salary

This term relates to contributing members with a defined benefit and is the average of your *superannuation salary* over the three years prior to your leaving employment. If you have been a member for less than three years, then your *superannuation salary* is averaged over your actual period of membership.

Fund

Means the Fire and Emergency Services Superannuation Fund.

Government or government

Means the Australian Federal Government.

non-contributing member

A member of the Fund who is:

- a temporary or casual employee of DFES; or
- a Superannuation Board member; or
- an employee who elected to join the *non-contributing member* section of the Fund either on commencement of employment or at a later date.

This category of member is not required to contribute to the Fund.

Reversionary beneficiary

A person you have nominated to continue to receive your retirement income stream (pension) upon your death. This is generally your partner but must be a dependant, and is determined by you on the commencement of the income stream.

**Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement**

Superannuation Board

Means the Fire and Emergency Services Superannuation Board.

superannuation salary

This is your normal salary. It includes shift penalties and service, industry, leading hand and tool allowances plus any other allowance agreed to by the ***Superannuation Board*** and the Department of Fire and Emergency Services of Western Australia. It does not include overtime payments or bonuses.

Discount Factors for the Resignation Benefit

These are actuarially determined factors which discount the value of your defined resignation benefit where you leave employment before age 55.

The table below shows the ***discount factors*** used in calculating the resignation benefit for various ages of contributing members who have not transferred their defined benefit to an accumulation account.

The factors included below are for whole year ages only as this table is simply given as a guide. The actual ***discount factors*** that will apply to you on resignation will be based on your exact age (measured as years and days at the date of your resignation and not whole years).

Age	Discount factor	Age	Discount factor
Up to 30	0.7002	43	0.7885
31	0.7002	44	0.8043
32	0.7002	45	0.8203
33	0.7002	46	0.8368
34	0.7002	47	0.8535
35	0.7002	48	0.8706
36	0.7002	49	0.8880
37	0.7002	50	0.9057
38	0.7142	51	0.9238
39	0.7284	52	0.9423
40	0.7430	53	0.9612
41	0.7579	54	0.9804
42	0.7730	55	1.0000

Fire and Emergency Services Superannuation Fund
Additional Reference Material for Product Disclosure Statement

Your privacy

The Fund trustee recognises and values each member's right to privacy. This privacy statement briefly outlines the Fund's Privacy Policy. Protecting your personal information is important to the Fund trustee and is required by law.

Why is personal information collected?

The primary purpose for the collection of personal information is to administer your superannuation account and to keep you informed of opportunities available to you as a Fund member. This includes the collection of personal information to:

- administer, invest, calculate, pay or transfer your superannuation benefits;
- process your enquiries and complaints;
- ensure compliance with the Fund's legal, taxation and reporting obligations;
- assist your employer in meeting their employment and superannuation obligations to you;
- assist in the provision of member education and communication of information to you;
- gain insurance coverage or to assess/process a claim for death or disability benefits; and
- comply with obligations under the *AntiMoney Laundering and Counter Terrorism Financing Act 2006* (Cth).

The use of personal information (such as your name and address) to distribute communication materials will be limited to the communication of information about the Fund and superannuation or investment related matters, and any additional services that the Fund may provide to members as part of their membership of the Fund.

The Fund trustee will not use your personal information for any other purpose without your consent unless its use is permitted or required by law or is permitted under the Australian Privacy principles. Legislation that may require the collection of personal information includes superannuation legislation and taxation legislation.

What if you do not provide the requested information?

If you do not provide all or part of the requested personal information, the following consequences may result:

- you may pay more tax on your superannuation benefit than necessary;
- the Fund may be unable to process or pay your superannuation benefit;
- you may not be eligible for insurance cover;
- the Fund may be unable to process a death or disability claim for you; and/or
- you may have more difficulty in locating your superannuation benefit if it was rolled over to an eligible rollover fund.

Can you access personal information held by the Fund?

On request, you can access your personal information held by the Fund. In certain circumstances, access may be restricted or denied. Reasons will be provided by the Fund trustee to you if this occurs.

Who else may be given access to your information?

While the Fund trustee maintains ultimate responsibility for managing members' superannuation, it does outsource some of its functions to professional external organisations. Personal information may be disclosed to these organisations, but only to the extent that it is necessary for the activity or function that they have been engaged to undertake by the Fund trustee. These organisations may include the Fund accountant, auditor, actuary, administrator, legal adviser, insurer and underwriter, medical practitioner/s, archiving company and a mailing house (for the purpose of distributing member communications). Where possible and practical, the Fund trustee will remove personal identifiers from personal information before disclosing any information to third parties, for example, by removing member names and addresses. The Fund trustee may also be required to disclose certain personal information in its dealings with your employer (such as to confirm the contributions received for the year) or with other superannuation entities when transferring your monies into or out of the Fund.

The Fund trustee may be obligated by law to disclose personal information to regulatory authorities like the Australian Taxation Office, Australian Prudential Regulation Authority, Australian Securities and Investment Commission, Office of Australian Information Commissioner or the Superannuation Complaints Tribunal in the event of a complaint from a member, a court in the event of litigation or family law proceedings, certain persons under the Family Law legislation (such as a spouse) as well as law enforcement bodies or other persons/organisations where required by law.

Further information

If you would like to obtain a copy of the Fund's Privacy Policy or require further information, please contact the Superannuation Office. Contact details are provided in this document.