

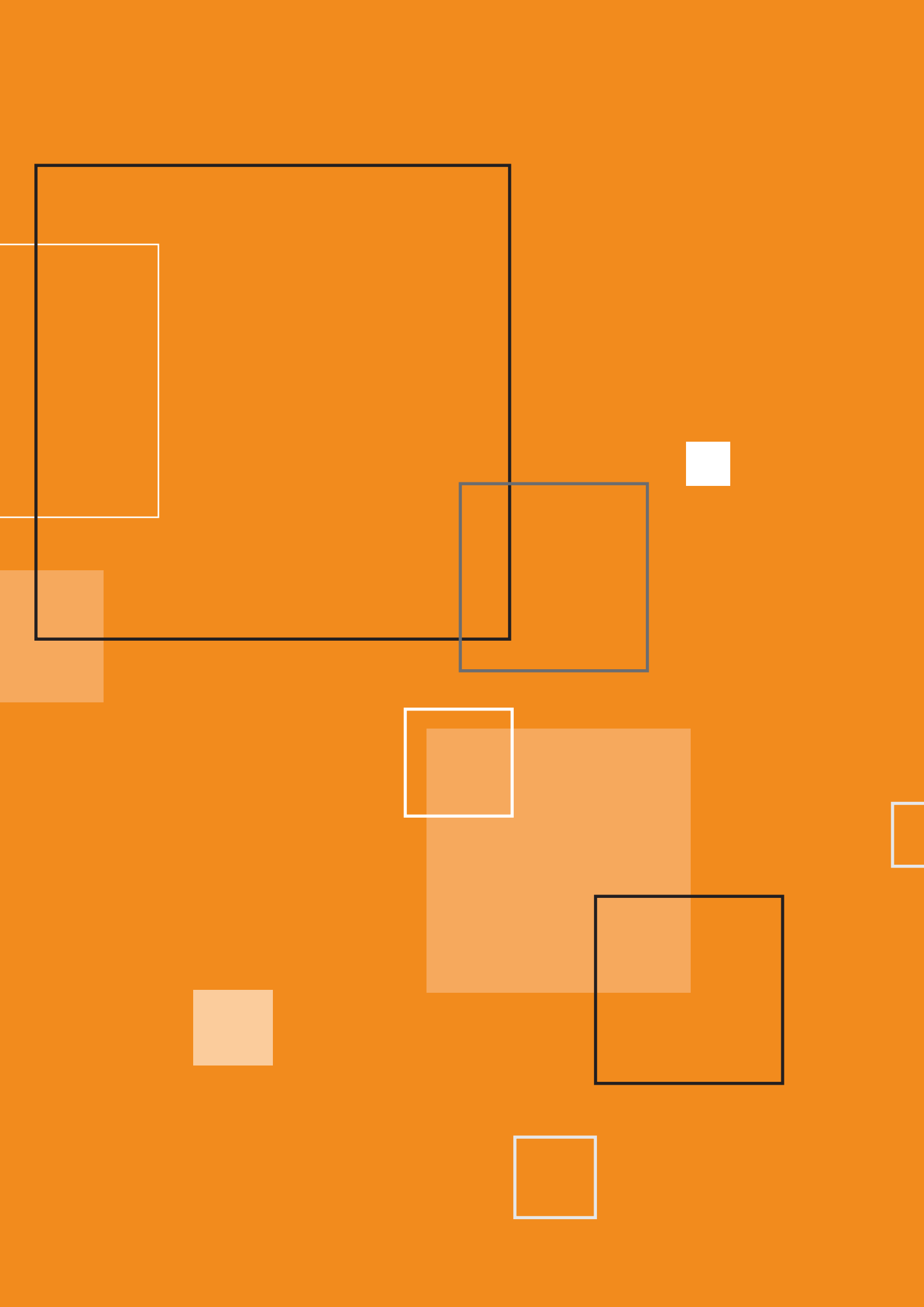


Fire & Emergency Services  
**Superannuation Fund**

# Additional Reference Material

1 October 2022

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# What's this Reference Material about?

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This reference material provides additional detailed information for members of the Fire and Emergency Services Superannuation Fund (FES Super) and others to that contained in the FES Super Product Disclosure Statement issued on 1 October 2021.

This reference material contains details of information members should know about FES Super; it forms part of FES Super's Product Disclosure Statement and will enable members to better understand the main features and benefits of FES Super. The document sets out general details of how entitlements are calculated and specific information relating to fees, investment returns and insurance costs.

FES Super was established under the Fire and Emergency Services Superannuation Act 1985 and the rules are set out in the Fire and Emergency Services (Superannuation Fund) Regulations 1986. Please refer to the Regulations for more specific information on entitlements in FES Super.

FES Super encourages members to read this material to understand the options relating to their superannuation.

**The information contained in this document is general information only, and does not take into account 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 FES Super specified in this document are not guaranteed. Members should seek professional financial advice before acting on this information.**

The information in this document is correct as at the date of publication. In the event of a material adverse change occurring in the information, members will be notified of this change in writing. The updated information will also be made available on our website at [www.fessuper.com.au](http://www.fessuper.com.au). Members may request a paper copy of any change, which will be provided 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 on our website at [www.fessuper.com.au](http://www.fessuper.com.au)

For more information, please contact FES Super at:

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# Useful Terms

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**Accumulation Account** – an account that operates like a superannuation savings account and may include:

- any additional voluntary contributions or lump sum contributions members choose to make;
- any monies transferred from other superannuation funds or amounts transferred from another membership category in FES Super;
- any surplus or reserve distributions that members may be entitled to;
- employer contributions for Accumulation Members and certain Defined Benefit Members (those who have transferred their Defined Benefit to an Accumulation Account or are over age 65); and
- investment earnings on these monies (which may be positive or negative) based on the crediting rates for each investment option.

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 Accumulation Members and Defined Benefit Members who have Income Protection Insurance cover or have transferred their Defined Benefit to an Accumulation Account); and
- any taxes payable to the Government.

**Accumulation Member** – a member of FES Super who is:

- an employee who elected to commence a FES Super Accumulation Account either on commencement of employment or at a later date; or
- a temporary or casual employee of DFES; or
- a FES Super Board member.

Accumulation Members are not required to contribute to FES Super but can choose to make voluntary contributions.

**Defined Benefit** – a Defined Benefit Member's superannuation entitlement is linked to their Final Average Salary at retirement, contribution percentage and length of contributory membership. The benefit is determined using a formula based on a membership multiple times Final Average Salary.

**Defined Benefit Member** – a FES Super member 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 Defined Benefit membership, has elected to transfer their Defined Benefit into their Accumulation Account.

**DFES** – means the Department of Fire and Emergency Services of Western Australia.

**Discount Factor** – this factor applies to a Defined Benefit Member who has not transferred their Defined Benefit to an Accumulation Account. The Discount Factor is applied to the resignation benefit of a Defined Benefit Member on leaving employment prior to age 55. The factor is determined by the FES Super Board and is based on advice from its actuary.

**FES Super Board** – means the Fire and Emergency Services Superannuation Board which is the trustee of the Fire and Emergency Services Superannuation Fund (FES Super). The FES Super Board operates in the best interests of members and is responsible for:

- administering FES Super in accordance with relevant legislation, internal policies and procedures;
- strategic planning and budgeting;
- managing the performance of FES Super so that members' interests are protected;
- appointing and managing all service providers; and
- reporting to members.

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**Final Average Salary (FAS)** – applies to the benefit of Defined Benefit Members and is usually the average of the superannuation salary over the three years prior to the member leaving employment. If the member has less than three years membership, then the superannuation salary is averaged over the actual period of membership. For total and permanent disablement benefits, the FAS is the average of the superannuation salary over the three years prior to the date the member last attended work doing their normal duties.

**Government** – means the Australian Federal Government.

**Partner** – a spouse or de-facto Partner.

**Preservation Age** – access to super benefits is generally restricted to members who have reached preservation age. A person's preservation age ranges from 55 to 60, depending on their date of birth.

Date of Birth	Preservation age (years)
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

**Reversionary Beneficiary** – a person nominated to continue to receive a member's retirement income stream (pension) upon their death. This is generally the Partner but must be a dependant, and is determined by the member on the commencement of the income stream.

**Superannuation Salary** – this is a member's normal salary. It includes shift penalties and service, industry, leading hand and tool allowances plus any other allowance agreed to by the FES Super Board and DFES. It does not include overtime payments or bonuses.

# 1. About the Fire and Emergency Services Superannuation Fund

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

Membership is also open to employees of the:

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

Partners of FES Super members are also eligible to join FES Super as a spouse member.

In simple terms, “superannuation” is the compulsory arrangement put in place by the Government that provides employees with savings for their retirement.

There are two main types of superannuation arrangements:

- a) Defined Benefit; and
- b) Accumulation Account or defined contribution.

FES Super provides both types of superannuation arrangements. Refer below for more information about how each type of arrangement works.

For most people, their superannuation savings start growing when they start work and their employer makes contributions for them, known as Superannuation Guarantee contributions or concessional contributions.

Superannuation can be an effective way to save for retirement because there are tax concessions given to superannuation savings that are not available for other forms of savings. As well as providing tax effective savings, superannuation also provides access to professionally managed investments and cost-efficient death and disablement insurance cover.

Generally, members can only withdraw their superannuation when they permanently retire from employment and have reached preservation age. However, if members suffer financial hardship, have a terminal illness or other limited circumstances apply, they may be eligible to access part or all of their superannuation prior to retirement (strict conditions apply). Refer to the “When can a member access their superannuation” section for more information.

## Membership

When a person becomes a permanent employee of DFES, the United Professional Firefighters Union of Western Australia, the Western Australian Volunteer Fire and Rescue Services Association (Inc) or the Fire and Emergency Services Superannuation Board, they must become a member of FES Super.

The one exception to this rule is where a person, who is not employed under the current Firefighters Award, is already a member of one of the Government Employees Superannuation Board (GESB) funds and is eligible to remain a member of that fund. In such cases, that employee may choose to continue their GESB membership and their employer will then continue to pay the required superannuation contribution to GESB.

Permanent employees employed under the current Firefighter Award must join FES Super as a Defined Benefit Member.

Permanent employees who are not firefighters or not employed under the current Firefighters Award will become a Defined Benefit Member unless they elect to become a FES Super Accumulation Member on commencement of employment.

Temporary and casual employees of DFES, the United Professional Firefighters Union of Western Australia, the Western Australian Volunteer Fire and Rescue Services Association (Inc) and the Fire and Emergency Services Superannuation Board may join FES Super as an Accumulation Member or they may choose a different superannuation fund to whom their employer will make the required superannuation contributions.



## Who manages FES Super?

The Fire and Emergency Services Superannuation Board (FES Super Board) is the Trustee of FES Super.

The FES Super Board is responsible for managing FES Super in the best interests of ALL members and for ensuring that FES Super is run in accordance with its governing rules.

The FES Super Board consists of an equal number of representatives appointed by the DFES Commissioner and elected by FES Super members. There are six Board members in total and up to 6 Alternate Board members.

A list of the current FES Super Board members is included in our Report to Members that is provided to members each year.

Details of FES Super Board Members are also available on our website.

Superannuation and investment professionals assist the FES Super Board in running FES Super and investing its assets.

The FES Super Board has appointed a Fund Secretary to manage the day-to-day operations of FES Super and to liaise with and assist members.

## Be on the FES Super Board

FES Super members can nominate for one of the three member-elected positions on the FES Super Board.

Each term is for three years, with a maximum of four terms, that is a total maximum of 12 years. Members may also nominate for an Alternate Board Member elected position. The term for Alternate Board Members is currently one year but is likely to be changed to a longer term in the future. All Board members must meet 'fit and proper' requirements.

Members are eligible to stand for election to a FES Super Board position if they are:

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

A member-elected representative to the FES Super Board will cease to hold office if:

- the term of appointment comes to an end (unless re-elected);
- they resign from the position;
- they cease to be a member of FES Super;
- they become disqualified by law to act as a trustee of a superannuation fund; or
- 5% or more of FES Super's membership petition for their removal, in which case a new election will be held for that position.

A vacancy in one of the FES Super Board positions must be filled within 90 days.

Please contact FES Super for further information.

## 2. Defined Benefit Fund

For members receiving a Defined Benefit, the final benefit is determined by applying a fixed, or 'defined' formula.

### Benefits and features of the Defined Benefit

Security	Members can be certain of their retirement savings because their benefit is determined by a defined formula. Their superannuation is largely protected against the effects of inflation and the ups and downs of investment markets because as their salary and period of membership increases, so does their benefit.
Fees	There are no fees charged for administration or Death and Total and Permanent Disablement insurance cover. Some other fees may apply such as Income Protection insurance premiums.
Choice of contribution rate	The membership multiple is 18% for each year of defined benefit membership to the date of retirement or to age 65, whichever occurs first.  Members may increase the membership multiple to 21.5% by making an extra contribution of 3.5% of superannuation salary.
Additional contributions	Members can increase their retirement savings by making additional before or after-tax voluntary contributions into an Accumulation Account.
Insurance Cover	Death and Total and Permanent Disablement insurance cover is a valuable safeguard for members and their families.  Death and Total and Permanent Disablement insurance covers members from their first day of employment, 24 hours a day, seven days a week until they turn 65 years of age, while they are having employer contributions paid into FES Super.  Members also have Income Protection insurance cover from the first day of employment. This insurance cover provides a member with regular monthly payments for up to two years if they are unable to work because of injury or illness. Members are covered for up to 75% of their superannuation salary and a waiting period applies. Premiums are tallied throughout a member's membership and deducted at the time the benefit is calculated. Members may opt out of Income Protection Insurance cover at any time.
Contributions	Contributions are automatically deducted from a member's pay, based on the contribution rate they choose. In addition, contributions can be deducted pre-tax (under a salary sacrifice agreement with their employer).
Other	When a member reaches 55 years of age or they complete 30 years of Defined Benefit membership with FES Super, they can elect to transfer their Defined Benefit account into an Accumulation Account. This action is irrevocable and members are strongly advised to seek financial advice before making this decision.

## Retirement Benefits

Upon retirement from employment between the ages of 55 and 65, a Defined Benefit Member will receive a benefit equal to:

### Membership Multiple x Final Average Salary

The Membership Multiple is calculated as:

- 21.5% for each year of Defined Benefit membership up to 30 June 2004; plus
- 18% for each year of Defined Benefit membership after 30 June 2004 to the date of retirement (assumes the member has not elected to contribute an additional 3.5% of salary to increase their Membership Multiple).

**Example 1:** John worked for DFES and had been a Defined Benefit Member for 35 years when he retired on 30 June 2021 at age 60. His Defined Benefit membership includes 18 years service completed prior to 30 June 2004 and his Final Average Salary at age 60 is \$100,000. On leaving, his Retirement Benefit will be:

#### a) Membership Multiple

• Prior to 30 June 2004	=	21.5% <i>times</i> 18 years of Defined Benefit membership
	=	0.215 x 18
	=	3.87
• After 30 June 2004	=	18% <i>times</i> 17 years of Defined Benefit membership
	=	0.18 x 17
	=	3.06
Membership Multiple	=	3.87 + 3.06
	=	6.93

#### b) Final Average Salary

= \$100,000

**RETIREMENT BENEFIT** = 6.93 x \$100,000 = **\$693,000**

In addition to the Defined Benefit, members also receive the balance of any Accumulation Account.

The method of calculating the Membership Multiple in respect of future service may be modified by the FES Super Board from time to time. If this occurs, members will be advised.

## A Defined Benefit Member who turns age 65

If a Defined Benefit Member turns 65 years, their Defined Benefit will be calculated and then automatically transferred into an Accumulation Account where it will be allocated with investment earnings (which may be positive or negative) based on the crediting rates for each investment option.

The requirement for Defined Benefit Members to make regular contributions to FES Super ceases at age 65. However, their employer will continue to make Superannuation Guarantee contributions (currently 10% of superannuation salary) into their Accumulation Account from age 65 until they cease employment.

Members may also make voluntary contributions into their Accumulation Account (subject to any legislation restrictions).

On retiring from employment after age 65, members receive the balance of their Accumulation Account.

## Resignation before age 55

If a Defined Benefit Member resigns employment before the age of 55, they are entitled to a benefit equal to:

### Membership Multiple x Final Average Salary x Discount Factor

The Membership Multiple is calculated as:

1. 21.5% for each year of Defined Benefit membership up to 30 June 2004; plus
2. 18% for each year of Defined Benefit membership after 30 June 2004 to the date of cessation of employment (assumes the member has not elected to contribute an additional 3.5% of salary to increase their Membership Multiple).

The aged based Discount Factors are explained further below.

**Example 2:** Gary has been a Defined Benefit Member of FES Super for 20 years when he resigned on 30 June 2021 at age 45. His Final Average Salary at age 45 is \$80,000. Gary's Resignation Benefit on leaving will be:

#### a) Membership Multiple

• Before 30 June 2004	=	21.5% times 3 years of Defined Benefit membership
	=	0.215 x 3
	=	0.645
• After 30 June 2004	=	18% times 17 years of Defined Benefit membership
	=	0.18 x 17
	=	3.06
Membership Multiple	=	0.645 + 3.06
	=	3.705

b) Final Average Salary = \$80,000

c) Discount Factor = 0.8203 (refer to the table on the next page)

**RESIGNATION BENEFIT** = 3,705 x \$80,000 x 0.8203 = **\$243,137**

In addition to the Defined Benefit, members also receive the balance of any Accumulation Account.

The method of calculating the Membership Multiple in respect of future service may be modified by the FES Super Board from time to time. If this occurs, members will be advised.

## Discount Factors on the Defined Benefit at Resignation

Should a member resign before they turn age 55 years, then a Discount Factor is applied to their Defined Benefit.

The Discount Factors are actuarially determined factors to reflect that the member has become entitled to a benefit before they reach 55 years of age.

The table below is a guide for the Discount Factors used in calculating the resignation benefit for various ages of Defined Benefit Members who resign before age 55 years. This guide shows the Discount Factors for whole years only.

The actual Discount Factor applied to a Resignation benefit is based on the member's exact age measured in years and days as at the date of resignation (and not whole years).

### Discount Factors for the Resignation Benefit for Defined Benefit Members

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

### Transfer of Defined Benefit entitlement to Accumulation Benefit

If a Defined Benefit Member reaches age 55 or completes 30 years' or more of Defined Benefit membership to FES Super, they can elect to transfer their Defined Benefit entitlement into an Accumulation Account.

Both the member and employer will continue to pay the Defined Benefit contribution rates to the Accumulation Account.

When a Defined Benefit Member transfers to an Accumulation Account, all rules, fees and costs that apply to an Accumulation Account will apply. For example, Government taxes applicable to contributions, insurance premiums and any administration fee will be deducted from the account and investment earnings, which may be positive or negative, will be applied to the Accumulation Account.

The benefit payable on retirement or resignation will be the balance in the Accumulation Account.

For Total and Permanent Disablement and Death benefits prior to reaching the age of 65, the benefit will be the balance of the Accumulation Account, unless that balance is less than the balance the Defined Benefit would have been if the member had stayed a Defined Benefit Member. In that case, the greater of the two benefits will be paid.

The Defined Benefit entitlement transferred to an Accumulation Account is not able to be rolled over under portability rules. This restriction applies because members who make the election to switch from the Defined Benefit to an Accumulation Account maintain the Defined Benefit insurance entitlements.

An election to transfer a Defined Benefit into an Accumulation Account is irrevocable. If a member transfers their Defined Benefit into an Accumulation Account, they cannot transfer back into a Defined Benefit Account.

The FES Super Board strongly recommends members seek financial advice before they make an election to transfer their Defined Benefit into an Accumulation Account.

### Change in Employment and Category Transfers

If a member's employment status changes so they are no longer eligible to remain a Defined Benefit Member (for example, they change from permanent employment to casual or temporary employment), their Defined Benefit membership ceases and an Accumulation Account will be credited with the Defined Benefit entitlement that would have been payable if they had resigned from employment at the date of the change. In this case, the member may remain a member of FES Super, but they will become an Accumulation Member.

### 3. Accumulation Fund

Permanent employees who are not firefighters or not employed under the current Firefighters Award:

1. can elect to become a FES Super Accumulation Member on commencement of employment; or
2. can, if they are eligible to remain a member of one of the superannuation funds with the Government Employees FES Super Board (GESB), opt to continue their GESB membership and their employer will then continue to pay the required superannuation contribution to GESB.

Temporary and casual employees of DFES, the United Professional Firefighters Union of Western Australia, the Western Australian Volunteer Fire and Rescue Services Association (Inc) and the Fire and Emergency Services Superannuation Board may join FES Super as an Accumulation Member or they may choose a different superannuation fund to whom their employer will make the required superannuation contributions.

#### Benefits and features of the Accumulation Fund

Additional contributions	Members can increase their retirement savings by making additional before or after-tax voluntary contributions.
Insurance Cover	<p>Death and Total and Permanent Disablement insurance cover is a valuable safeguard for members and their family.</p> <p>Death and Total and Permanent Disablement insurance covers members from their first day of employment, 24 hours a day, seven days a week until they turn 65 years of age, while they are still having contributions paid into FES Super.</p> <p>Members also have Income Protection insurance cover from their first day of employment. This insurance cover provides regular monthly payments for up to two years if the member is unable to work because of injury or illness. Members are covered for up to 75% of superannuation salary and a waiting period applies.</p> <p>Insurance premiums are deducted from the Accumulation Account.</p>
Waiting Period	<p>3 months for members employed on non-firefighter duties</p> <p>6 months for members employed on firefighter duties.</p>
Contributions	Any additional contributions are automatically deducted from a member's pay (either pre or post tax) based on the contribution rate they choose.

#### Ceasing employment benefit

Upon retirement or resignation from employment Accumulation Members receive the balance of their Accumulation Account, which is generally made up of:

**Contributions  
Rollovers  
Transfers**

**PLUS**

**Investment Earnings  
(Positive or Negative)**

**LESS**

**Tax, Fees and  
Insurance Premiums**

Refer to the "What is my Preservation Age?" section for more information.

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## Temporary Resident Members

If a member is a temporary resident who has earned superannuation while working and living in Australia, they can apply to have their superannuation paid to them as a Departing Australia Superannuation Payment (DASP) after they leave.

To access their super, the member must:

- have been paid superannuation while in Australia on a temporary visa;
- have already left Australia; and
- be the holder of an expired or cancelled visa.

New Zealand citizens are not entitled to access their superannuation early because the Australian and New Zealand Governments have an agreement in place to allow the transfer of superannuation from an Australian superannuation fund to the New Zealand superannuation system.

If a member hasn't claimed their superannuation within six months of departing Australia, their account may be closed and the balance paid to the Australian Taxation Office (ATO) as unclaimed super. The (previous) member can still apply for their superannuation from the ATO (unless they have become an Australian or New Zealand citizen, or a permanent resident of Australia).

Tax may be deducted from the Accumulation Account before it is transferred to the ATO.

## 4. Contributions

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There are several different types of superannuation contributions, with different payment methods and tax treatments.

### Defined Benefit Members – personal contributions

Defined Benefit Members are required to pay 6.25% of their superannuation salary into FES Super. This contribution is automatically deducted from their pay each pay period and the contributions cease when they reach age 65 or cease employment.

Members may choose to make these contributions from their before-tax income via a salary sacrifice agreement with their employer. Under a salary sacrifice arrangement, the member will be required to pay 7.35% of their superannuation salary into FES Super (which equates to 6.25% after 15% superannuation contributions tax has been deducted). Members should contact FES Super for more information.

### Increase super

Members may choose to contribute an extra 3.5% of their superannuation salary each year to increase their final benefit, that is to increase the membership multiple from 18% to 21.5% for each year of Defined Benefit membership. The extra 3.5% of superannuation salary can be paid from their after-tax income or through a salary sacrifice arrangement with their employer. Under a salary sacrifice arrangement, they will be required to pay an extra 4.12% of superannuation salary into FES Super (which equates to 3.5% after 15% superannuation contributions tax has been deducted).

An election to contribute an extra 3.5% of superannuation salary will take effect from the next 1 July after FES Super receives the written request to make the additional contribution from superannuation salary and will remain in force until FES Super formally receives notice of its cancellation. The cancellation of this extra 3.5% contribution will then take effect from the next 30 June. 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.

A member may also make additional voluntary contributions into an Accumulation Account (refer to the “Accumulation Members – voluntary contributions” section).

### Defined Benefit Members – employer contributions

The employer of a Defined Benefit Member makes contributions, currently 11.75% of superannuation salary, while the member is employed and until the member reaches age 65. Over time, the employer's contribution can vary depending on the financial state of FES Super.

The employer also contributes an additional 1% of superannuation salary to pay for the Supplementary Disablement Benefit provided by FES Super to eligible members who qualify for a Partial and Permanent Disablement benefit.

Refer to the Insurance publications on our website for more information on the Supplementary Disablement Benefit and the Partial and Permanent Disablement benefit.

### Accumulation Members – personal contributions

Accumulation Members are not required to make any personal contributions to FES Super but they may choose to make voluntary contributions as a way of increasing their retirement savings.

### Accumulation Members – voluntary contributions

Eligible members can increase their retirement savings by making additional voluntary contributions into their Accumulation Account. These additional contributions are allocated earnings (which may be positive and add to an account balance or negative which means a member may lose money) based on the selected investment option(s).

Voluntary contributions:

- will be deducted from a member's pay each pay period and paid directly to their FES Super Accumulation Account;
- can be paid from a member's after-tax income, or with the agreement of the employer, from the before-tax income via a salary sacrifice arrangement; and
- must be a whole percentage of superannuation salary (minimum of 1%). If circumstances change, a member can vary the amount of voluntary contributions.

A member can also make one-off lump sum contributions of at least \$100 to their Accumulation Account. Voluntary lump sum contributions can be made via an electronic funds transfer (EFT) to FES Super at:

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



If a member is making an EFT payment to FES Super, they should:

- type their name and FES Super member number as the description so that it can be identified; and
- complete the Additional Voluntary Contributions form (available on our website) and send the form to FES Super.

### **Accumulation Members – employer contributions**

The employer contribution is equal to the Superannuation Guarantee contribution required by law, which is currently 10% of superannuation salary.

### **Contribution caps**

The Government limits the amounts that a member and their employer can contribute to superannuation before those contributions are taxed at a higher rate. The limits are called contribution caps.

There are two types of contributions for superannuation purposes:

- concessional (before tax) contributions; and
- non-concessional (after-tax) contributions.

### **Concessional contributions**

Concessional contributions include:

- a) all employer contributions (including salary sacrifice) from before-tax income; and
- b) personal (voluntary) contributions for which the member claims an income tax deduction.

The concessional contribution limit is \$27,500 regardless of the member's age – this is known as the concessional contribution cap and is the maximum amount of concessional contributions that can be contributed into superannuation without paying extra tax.

However, if a member had less than \$500,000 in their superannuation on 30 June 2018, they may carry-forward any previously unused portion of the concessional cap and make extra contributions in later financial years. This means that if the member contributed a lower amount in previous financial years, they can effectively 'catch up' to the maximum they could have contributed.

To use the unused cap amounts the member must meet two conditions:

- their total super balance at the end of 30 June of the previous financial year is less than \$500,000; and
- the member makes concessional contributions in the financial year that exceeds their concessional contributions cap.

The amount of unused cap amounts the member can carry-forward depends on the amount they contributed in previous years, starting from 2018–19, for up to five previous financial years.

The oldest available unused cap amounts are used first. For example, unused cap amounts from 2018/19 would be applied to increase the cap first before unused cap amounts from 2019/20.

Unused cap amounts are available for a maximum of five years and will expire after this. For example, a 2018/19 unused cap amount which is not used by the end of 2023/24 will expire.

If a member still has excess concessional contributions after applying all available unused cap amounts, they may be required to pay extra 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 and actuarial advice.

If a Defined Benefit Member also makes voluntary salary sacrifice contributions to FES Super then their NTC plus the voluntary salary sacrifice contributions combined may cause them to exceed their annual concessional contributions cap. Members who may have exceeded their annual limit of \$27,500 should contact FES Super for more information.

### **Members should regularly monitor their annual concessional contribution cap to avoid unexpected consequences.**

NOTE: due to the tax treatment of benefits, temporary residents of Australia should contact FES Super prior to making salary sacrifice contribution arrangements with their employer.

## Non-concessional contributions

Non-concessional contributions are also known as 'after-tax' contributions because taxation has already been paid or deducted from the money used to make the contribution.

FES Super accepts the following non-concessional contributions:

- Personal after-tax contributions;
- Spouse contributions;
- Government co-contributions; and
- Low-income superannuation tax offset contributions.

FES Super must have a member's Tax File Number before it can accept a non-concessional contribution for that member.

### Members should monitor their annual non-concessional contribution limit to avoid unexpected consequences.

The non-concessional cap is \$110,000 per financial year for members under age 75. If members contribute more than the non-concessional cap, they may be required to pay extra tax.

If a member is aged 66 years or younger at any time in a financial year, they may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. This is known as a "bring-forward arrangement".

To access the non-concessional "bring-forward arrangement" a member must:

- be aged under 67 years old for at least one day during the triggering year (the first year);
- contribute more than the annual cap of \$110,000;
- not already be in an active bring-forward period; and
- have a total super balance at the end of 30 June of the previous financial year that is less than the general transfer balance cap of \$1.7 million.

## What happens if a member exceeds their non-concessional contributions cap?

The Australian Taxation Office (ATO) will contact the member. Please refer to the ATO website at [www.ato.gov.au](http://www.ato.gov.au) for more information.

## If a member is over age 67, wishes to make a contribution and claim a tax deduction

After a member has turned 67, they are required to work a certain amount of hours in order to claim a tax deduction on their voluntary contributions. The Government requires members aged 67 to 74 to work 40 hours within 30 consecutive days, at least once during the income year (or during the previous financial year, under a one-off exemption available to members with a 'total superannuation balance' under \$300,000). Eligibility to a tax deduction will be assessed by the Australian Taxation Office when the member submits their tax return.

Please contact FES Super for more information.

## Contribution splitting

Contribution splitting is the term used to describe the process of splitting pre-tax superannuation contributions between a member and their Partner, so that part of the superannuation benefit for any given year is paid to the Partner's Accumulation Account instead.

Contribution splitting can be useful for boosting a Partner's low superannuation balance. If both the member and their Partner are planning to retire before the age of 60, it may give them access to more funds, because they both get the advantage of the tax-free threshold between the ages of 55 and 59. It can also give a member earlier access to super if their spouse is closer to retirement age than they are.

A member may only split pre-tax contributions made to an Accumulation Account. A member cannot split personal after-tax contributions, amounts rolled over or transferred from another superannuation fund, amounts subject to a family law payment split or contributions made to a Defined Benefit Account.

If a member wishes to split their contributions with their Partner, and they are both FES Super members, FES Super must receive the completed Contribution Splitting form before the end of the financial year immediately following the financial year in which the splittable contributions are made. For example, if the member wishes to split contributions made in the 2020/21 year, FES Super must receive the completed form before 30 June 2022.

Split contributions will be transferred from the member's Accumulation Account to their Partner's Accumulation Account in arrears once a year where they will be fully preserved.

Please note that contribution splitting is different to spouse contributions, which are made from a member's post-tax income.

## Government co-contributions

A member may be eligible to receive an annual Government co-contribution payment of up to \$500 if they make voluntary after-tax contributions to FES Super.

To be eligible for the co-contribution payment for 2022/23, a member must have:

- made one or more after-tax contributions to their super account during the financial year;
- have total income that is less than \$56,112 for the financial year;
- receive 10% or more of income from eligible employment;
- are less than 71 years at the end of the financial year;
- have not held an Australian temporary resident visa during the financial year (unless they are a New Zealand citizen or it was a prescribed visa);
- have lodged the tax return for the relevant year;
- have not contributed more than their non-concessional contributions cap for the financial year; and
- have less than \$1.7 million in superannuation at 30 June of the previous financial year.

Eligibility to a Government Co-contribution will be assessed by the Australian Taxation Office when the member submits their tax return.

Contact FES Super or the Australian Taxation Office for more information.

## Downsizer contributions

If a member is aged 60 years or older, they can contribute the proceeds from selling their home as a one-off contribution to their superannuation, limited to \$300,000 per person (or \$600,000 per couple).

To take advantage of this measure, the member's home must have been owned by them or their Partner for 10 years or more prior to sale, and the contribution must generally be made within 90 days of settlement.

This measure does not include investment properties, holiday homes, caravans or other mobile homes.

These contributions do not count towards the non-concessional contributions cap and are not subject to the age restrictions and work test rules that apply to other voluntary contributions.

Refer to the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au) for more information.

## 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 a member earns \$37,000 or less a year, they may be eligible to receive a LISTO payment (being a refund of the 15% contributions tax paid on concessional contributions) directly into FES Super.

A member does not need to do anything to receive a LISTO payment. If they are eligible, the Australian Taxation Office (ATO) will calculate this amount and pay it direct to FES Super.

Prior to 1 July 2017 the LISTO payment was referred to as a low-income superannuation contribution.

## Rollovers/Transfers into FES Super

If a member has superannuation monies with another superannuation fund, they may be able to transfer these monies into their Accumulation Account in FES Super. Any amounts that are transferred into FES Super are allocated with investment earnings (which may be positive or negative) based on the member's selected investment option(s) and are payable in addition to other benefits.

Generally, superannuation funds will process rollover and transfer requests within 3 days of receiving all necessary information. However, on some occasions this 3-day period may be exceeded to finalise a transaction.

## 5. Risks of super

### 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 reduced in value. The 1987 stock market crash, the sharp downturn in share markets during 2001 to 2003, the Global Financial Crisis in 2008/09 and the impact of the COVID-19 virus stand out as examples of years when share markets lost money. 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 investing in 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 the final superannuation payout. For example, an extra 2% return per annum over 30 years could increase the final superannuation payout in an Accumulation Account by 40-60% on retirement.

However, the probability of a higher return is associated with greater risk.

### Before choosing an investment option for an Accumulation Account, please consider higher expected long-term investment returns versus more stable year-to-year investment returns.

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

The significant risks that relate to investing in FES Super 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 FES Super's investments;
- currency risk – certain investment options invest in overseas assets and if the currencies of any of those countries rise or fall in value relative to the Australian dollar, the value of the asset 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, e.g. 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 an investment thereby eroding the purchasing power of that 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 FES Super 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 benefits or a member's ability to access their benefits;
- changes to taxation – changes may occur to the taxation of superannuation, which may affect the return on investments; and
- negative returns – the risk that some investment options have negative investment returns and that members will not receive the repayment of capital or may have a reduction in their investment amount.

**For Defined Benefit Members, the Defined Benefit portion of their superannuation entitlement is linked to movements in Final Average Salary, rather than investment returns. Consequently, many of the investment risks mentioned above do not directly affect the Defined Benefit portion of a member's superannuation entitlement.**

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## Which investment option should a member choose?

The extent to which a member invests in shares and target return investments (known as “growth” assets) compared to fixed interest and cash (known as “income” assets) determines the extent to which they are trading off higher expected long-term returns for greater year-to-year stability.

The more a member invests in shares and target return investments, the more they would expect to:

- achieve higher long-term investment returns (compared to cash and fixed interest);
- benefit from greater protection against the impact of inflation on savings; and
- bear greater risk that returns could be low or 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 a member is only investing for another few years or is not willing to accept both the ups and downs in the value of their account balance, they 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 a member is investing for at least another 5 years, they may consider their tolerance levels for the ups and downs in their account balance versus the comfort of more stable year to year returns. If a member is willing to accept losses on their account balance from time-to-time in return for higher expected long-term gains, they may wish to consider choosing an option with a greater exposure to growth assets and a lower exposure to income assets.

Members should seek professional financial advice if they need assistance in determining the right investment option for them.

## 6. How FES Super invests

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FES Super members can choose how their Accumulation Account is invested from the following options:

- Smoothed;
- Moderate;
- Australian Shares;
- International Shares;
- Fixed Interest; and
- Cash.

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

- Accumulation Account;
- Spouse Account;
- Retained Benefit Account; and
- Pension Account.

**The choice of investment options does not apply to Defined Benefit Accounts because the Defined Benefit is calculated as a multiple of each member's Final Average Salary.**

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

FES Super uses professional investment fund managers to manage most of FES Super's investments and these managers are regularly monitored. The FES Super Board replaces any fund manager if it is not satisfied with their performance.

**Also refer to the "Risks of Super" section for information about some of the key risks associated with investing in superannuation.**

### Investment returns

FES Super is a 'profit to members' fund. This means that profits from investments are paid to members, not shareholders.

With the exception of the Smoothed Option, all earnings in the investment options are allocated to member accounts after expenses and tax have been deducted. This means the investment return that is allocated to each account reflects the earnings (positive or negative) from the member's chosen investment option(s) (after all expenses and tax have been deducted). **Note that investment returns may be positive or negative, which means that an account balance may increase or decrease depending on market performance.**

Earnings are calculated then allocated to all accounts on a monthly basis. As it takes several weeks to value assets and obtain the required information to calculate the earning rate, an interim monthly earning rate is used if a member withdraws their total benefit from FES Super 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 applied to member accounts. Generally, the smoothing (or averaging) process works by setting aside a portion of earnings into a reserve account when investment returns are higher and reducing the return applied to member accounts. On occasions when lower or negative investment returns are earned, the reserve account can be used to increase the actual investment return allocated to member accounts.

Please contact FES Super for more information about how the crediting rate is determined.

### How to choose an investment option

It is important for members to understand the potential risks and rewards involved with each investment option so they can determine which option is right for them.

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

## Smoothed Option

The Smoothed Option is FES Super's default investment option. This means that if a member does not advise FES Super of their preferred investment option(s), their account will be invested in the Smoothed Option.

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 FES Super 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 'smoothing' works by building reserves in years when the investment returns are higher, by paying a reduced investment return to members' accounts. In years of poorer investment returns, the reserves are 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 FES Super Board reserves the right to not use the smoothing process for the Smoothed Option in any financial year.

**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 Accumulation Accounts in any one year.**

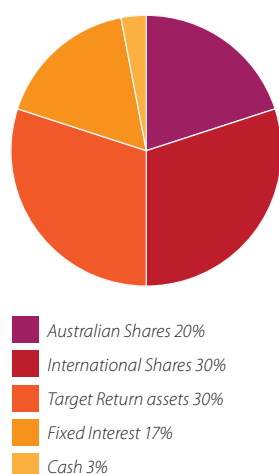
## Moving monies in to the Smoothed Option

In normal circumstances, in order to protect the investment reserves in the Smoothed Option, any monies moved out of the Smoothed Option into any other investment option cannot be transferred back into the Smoothed Option at a later time, except on the commencement of a Pension Account.

This restriction on the Smoothed Option was removed on 1 May 2020. Therefore, all members have the option of transferring their monies from any other investment option into the Smoothed Option until further notified.

Should a member wish to transfer back to the Smoothed Option, please contact FES Super or download the Change Investment Options Application form from our website.

Should the Board change its policy regarding the Smoothed Option, then all members will be advised.



<b>Aim</b>	To provide a competitive growth investment with smoothed investment returns on a year-to-year basis.
<b>Strategy</b>	Invest approximately 80% in shares/target return assets and 20% in cash/fixed interest.
<b>Objective</b>	To earn at least the Consumer Price Index (CPI) plus 3% per annum over a rolling 10-year period net of tax and fees.
<b>Suitable for members who:</b>	<ul style="list-style-type: none"> <li>• expect to have their assets invested for more than 5 years;</li> <li>• would like exposure to growth assets; and</li> <li>• want less volatility in their year-to-year investment returns.</li> </ul>
<b>Risk level</b>	Medium to high.
<b>Risk of negative returns</b>	To have no more than three negative annual returns (after smoothing) in any 20-year period (on average).

NOTE: The composition and investment of the Smoothed Option and the Growth Option are the same. 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 FES Super'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).

## Investment Returns – Smoothed Option

The table below shows the investment returns earned within the Smoothed Option for each period in the Accumulation phase and Pension phases of superannuation.

For completeness, the table also shows the actual earning rate for the Smoothed Option (after tax and investment fees), before the smoothing process was applied.

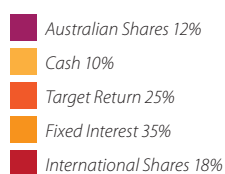
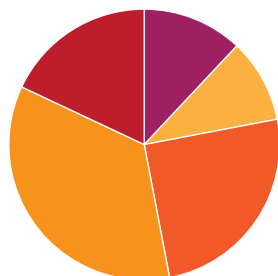
Year ending 30 June	Earning rate before smoothing applied	Crediting Rate Accumulation Accounts <sup>1</sup>	Crediting Rate Pension Accounts <sup>2</sup>
2022	-3.9%	-3.9%	-4.3%
2021	14.5%	14.5%	15.7%
2020	-1.3%	2.7%	3.0%
2019	7.8%	7.8%	8.7%
2018	8.4%	9.0%	10.0%
3 Year Ave (pa)	4.2%	4.2%	4.6%
5 Year Ave (pa)	5.9%	5.9%	6.5%
10 Year Ave (pa)	7.0%	7.0%	7.7%

1. After tax and all asset-based fees have been deducted.

2. After all asset-based fees have been deducted. 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.



## Moderate Option



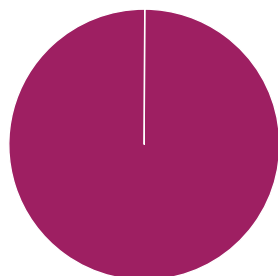
<b>Aim</b>	To earn higher investment returns than cash while maintaining a conservative approach so the risk of capital losses in any one year remains low.
<b>Strategy</b>	Invest approximately one half in shares/target return assets and one half in cash/fixed interest.
<b>Objective</b>	To earn at least the Consumer Price Index (CPI) plus 2% per annum over a rolling 10-year period net of tax and fees.
<b>Suitable for members who:</b>	<ul style="list-style-type: none"> <li>have a short to medium time frame for their investment (3-7yrs);</li> <li>would like a small exposure to growth assets; and</li> <li>want to limit the potential for short-term investment losses.</li> </ul>
<b>Risk level</b>	Low to medium.
<b>Risk of negative returns</b>	To have no more than three negative annual returns in any 20-year period (on average).

## Investment Returns – Moderate Option

Year ending 30 June	Crediting Rate Accumulation Accounts <sup>1</sup>	Crediting Rate Pension Accounts <sup>2</sup>
2022	-3.6%	-3.9%
2021	9.9%	10.8%
2020	-0.2%	0.0%
2019	6.3%	7.1%
2018	5.5%	6.2%
3 Year Ave (pa)	2.0%	2.2%
5 Year Ave (pa)	3.7%	4.1%
10 Year Ave (pa)	5.2%	5.9%

1. After tax and all asset-based fees have been deducted.
2. After all asset-based fees have been deducted. 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.

## Australian Shares Option



Australian Shares 100%

<b>Aim</b>	To provide a diversified investment in Australian shares.
<b>Strategy</b>	Invest all of the assets in the Australian share market.
<b>Objective</b>	To earn at least the benchmark return for Australian shares (S&P/ASX 300 Accumulation Index) over a rolling 10-year period net of tax and fees.
<b>Suitable for members who:</b>	<ul style="list-style-type: none"> <li>• have a long timeframe for their investment (7 years or more);</li> <li>• can tolerate risk and investment losses from time-to-time; and</li> <li>• understand that gains and losses can occur in any share market.</li> </ul>
<b>Risk level</b>	High.
<b>Risk of negative returns</b>	To have no more than six negative annual returns in any 20-year period (on average).

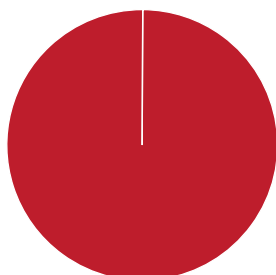
## Investment Returns – Australian Shares Option

Year ending 30 June	Crediting Rate Accumulation Accounts <sup>1</sup>	Crediting Rate Pension Accounts <sup>2</sup>
2022	-5.0%	-5.0%
2021	30.2%	30.2%
2020	-9.3%	-9.3%
2019	8.7%	8.8%
2018	13.3%	13.9%
3 Year Ave (pa)	4.1%	4.1%
5 Year Ave (pa)	7.0%	7.1%
10 Year Ave (pa)	9.8%	10.6%

1. After tax and all asset-based fees have been deducted.
2. After all asset-based fees have been deducted. 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.

## International Shares Option

Commenced 1 January 2016.



■ International Shares 100%

<b>Aim</b>	To provide a diversified investment in international shares.
<b>Strategy</b>	Invest all of the assets in international shares.
<b>Objective</b>	To earn at least the benchmark return for international shares (MSCI All Country World Index in \$AUD) over a rolling 10-year period net of tax and fees.
<b>Suitable for members who:</b>	<ul style="list-style-type: none"> <li>• have a long timeframe for their investment (7 years or more);</li> <li>• can tolerate risk and investment losses from time-to-time; and</li> <li>• understand the gains and losses that can occur in any share market.</li> </ul>
<b>Risk level</b>	High.
<b>Risk of negative returns</b>	To have no more than six negative annual returns in any 20-year period (on average).

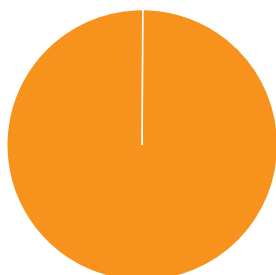
## Investment Returns – International Shares Option

Year ending 30 June	Crediting Rate Accumulation Accounts <sup>1</sup>	Crediting Rate Pension Accounts <sup>2</sup>
2022	-9.7%	-11.1%
2021	18.3%	21.3%
2020	3.6%	4.1%
2019	11.8%	13.7%
2018	15.0%	17.6%
3 Year Ave (pa)	3.5%	4.0%
5 Year Ave (pa)	7.5%	8.6%

1. After tax and all asset-based fees have been deducted.
2. After all asset-based fees have been deducted. 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.

## Fixed Interest Option

Commenced 1 January 2016.



Fixed Interest 100%

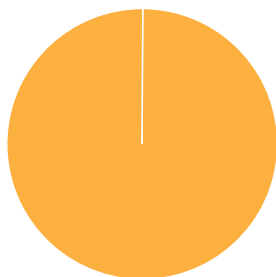
<b>Aim</b>	To provide a diversified investment in Australian Fixed Interest.
<b>Strategy</b>	Invest all the assets in Fixed Interest.
<b>Objective</b>	To earn at least the benchmark return (AusBond Composite Bond Index) over a rolling 10-year period net of tax and fees.
<b>Suitable for members who:</b>	<ul style="list-style-type: none"> <li>• have a short to medium timeframe for their investment (3-7 years); and</li> <li>• want to limit the potential for short-term investment losses</li> </ul>
<b>Risk level</b>	Low to medium.
<b>Risk of negative returns</b>	To no more than four negative annual returns in any 20-year period (on average).

## Investment Returns – Fixed Interest Option

Year ending 30 June	Crediting Rate Accumulation Accounts <sup>1</sup>	Crediting Rate Pension Accounts <sup>2</sup>
2022	-5.2%	-6.1%
2021	1.1%	1.3%
2020	2.3%	2.8%
2019	5.8%	6.9%
2018	1.7%	2.2%
3 Year Ave (pa)	-0.5%	-0.6%
5 Year Ave (pa)	1.3%	1.5%

1. After tax and all asset-based fees have been deducted.
2. After all asset-based fees have been deducted. 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.

## Cash Option



Cash 100%

<b>Aim</b>	To protect members' capital at all times.
<b>Strategy</b>	Invest in cash or other short-term investments.
<b>Objective</b>	To earn investment returns competitive with other cash investments over rolling 12-month periods net of tax and fees.
<b>Suitable for members who:</b>	<ul style="list-style-type: none"> <li>• have a short to medium investment horizon (0-3yrs);</li> <li>• do not like risk; and</li> <li>• are willing to accept lower returns for protection from short-term investment losses.</li> </ul>
<b>Risk level</b>	Very low.
<b>Risk of negative returns</b>	Not expected in any one-year period.

## Investment Returns – Cash Option

Year ending 30 June	Crediting Rate Accumulation Accounts <sup>1</sup>	Crediting Rate Pension Accounts <sup>2</sup>
2022	0.1%	0.2%
2021	0.1%	0.2%
2020	0.8%	1.1%
2019	1.5%	1.9%
2018	1.4%	1.8%
3 Year Ave (pa)	0.5%	0.6%
5 Year Ave (pa)	1.0%	1.2%
10 Year Ave (pa)	2.0%	2.4%

1. After tax and all asset-based fees have been deducted.
2. After all asset-based fees have been deducted. For pension members, the assets are invested in the same manner as for other members, except tax is not payable on investment earnings.

## Social, environmental and ethical issues

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

FES Super'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 investment managers are therefore free to develop, apply and refine investment processes to take these considerations into account in the manner they consider appropriate, provided their actions are expected to achieve superior risk-adjusted returns.

## Frequently Asked Questions about the investment options

### What happens if a member does not choose an investment option?

Their account will automatically be invested in the Smoothed Option until they advise otherwise.

### What are the costs of each option and FES Super as a whole?

Refer to the 'Fees and Costs' section.

### Can a member choose more than one option?

Yes, a member can mix and match any combination of the investment options for their:

- Accumulation Account;
- Spouse Account;
- Retained Benefit Account; or
- Pension account(s).

Members are not restricted to just one option.

Members can also choose one investment option to apply to their existing account balance and a different investment option to apply to their future contributions or any future transfers from other superannuation funds.

### What if a member changes their mind about their preferred investment option?

Members can change their investment option (called "switching") by completing the Application for Investment Choices form available on our website and lodging it with FES Super.

Members can change their investment mix at any time during the year. Members can make up to four changes in each financial year without incurring a fee. Investments will be switched on the first day of the month following the receipt and acceptance of switching instructions by FES Super. Switching instructions must be received by FES Super no later than close of business hours on the last business day of each calendar month in order for them to be processed at the start of the following month.

Details of the costs associated with switching are in the Fees and Costs section.

### If a member has multiple investment options – where will their withdrawal come from?

If a member is:

1. eligible to access their superannuation; and
2. they make a partial lump sum withdrawal from their superannuation account; and
3. their account balance is invested in more than one investment option;

they must nominate which investment option the withdrawal is to come from.

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

### If a member is still unsure about which investment option they should choose, what should they do?

Please seek advice from a licensed financial adviser.

## 7. Fees and other costs

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### 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.**

#### **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 \(www.moneysmart.gov.au\)](http://www.moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.**

This section provides summary information about the main fees and costs for the FES Super Smoothed option. The information in the fees and costs summary can be used to compare costs between different superannuation products.

Fees and costs may be deducted from your money, from the investment returns on your investment or from the assets of FES Super as-a-whole.

Other fees may apply. You should read all information about fees and costs because it is important to understand their impact on your investment.

#### **To find out more:**

If you would like to find out more, or to see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a superannuation calculator to help you calculate the fees and costs on Accumulation account balances.

## Fees and other costs for the Smoothed option

The main fees to manage your account are shown below, based on the Smoothed option. You can use this information to compare our fees with similar funds.

Type of fee	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>1</sup></b>		
Administration fees and costs	An asset-based fee of 0.20% per annum, or \$2.00 per year for every \$1,000 in your account applies for the 2021/2022 financial year.	Deducted from before-tax investment returns before the crediting rate is applied to your account.
Investment fees and costs <sup>2</sup>	0.43%	Deducted from before-tax investment returns before the crediting rate is applied to your account.
Transaction costs	0.05%	Deducted from before tax investment returns before the crediting rate is applied to your account.
<b>Member activity related fees and costs</b>		
Buy-sell spread	Nil	
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.
Partial lump sum withdrawals in excess of 8 in a financial year	\$50	Deducted from your account at the time of the transaction.
Other fees and costs <sup>3</sup>	Various – see Additional explanation of fees and costs	

1. If your account balance for a product offered by FES Super is less than \$6,000 at the end of the financial year, certain fees and costs charged to you in relation to administration and investment (for that financial year) are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.
2. Investment fees and costs includes an amount of 0.05% for performance fees. The calculation basis for this amount is set out under "Additional explanation of fees and costs".
3. See Additional Activity Based Fees and Costs set out under "Additional explanation of fees and costs".

All fees are calculated looking back as at 30 June each year and may change from year to year.



## Example of annual fees and costs

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

Smoothed Option		Balance of \$50,000
Administration fees and costs	0.20% per annum of your account balance	For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment \$100 in administration fees and costs.
PLUS Investment fees and costs	0.43%	And, you will be charged or have deducted from your investment \$215 in investment fees and costs
PLUS Transaction costs	0.05%	And, you will be charged or have deducted from your investment \$25 in transaction costs.
EQUALS Cost of product		If your balance was \$50,000 at the beginning of the year, then for that year you will be charged fees and costs of \$340 for the superannuation product.

## Cost of product for 1 year

This section gives a summary calculation about how ongoing annual fees and costs can affect a member's superannuation investment over a 1-year period for all investment options. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product information assumes a balance of \$50,000 at the beginning of the year.

Members can use this information to help compare superannuation products and investment options

Investment option	Cost of product
Moderate	\$305
Australian Shares	\$320
International Shares	\$435
Fixed Interest	\$235
Cash	\$115

## Additional explanation of fees and costs

1. Administration fees – FES Super charges Administration fees to help cover the operational costs of administering the Fund and providing some information at no additional cost.
2. Investment fees are the fees charged to you for managing each investment option.

Investment fees include:

- a) Fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b) Costs incurred by FES Super that:
  - i. Relate to the investment of FES Super's assets; and
  - ii. Are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

FES Super sets investment fees to match expected investment fees for the year ahead based on the ongoing investment fees for each investment option at the end of the financial year. The estimated investment fees are our best estimates based on recent experience and our current long-term expectations for ongoing fees. This means, the investment fee may be higher or lower than what is disclosed in this document.

The investment fee includes fees and costs (such as asset consulting and external investment manager fees and associated performance fees) paid by the FES Super Board to third parties directly out of FES Super and which are most commonly fees which would not be incurred if a member 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 investment manager are considered to be indirect costs because these amounts are deducted from investment returns before the returns are paid back to FES Super.

Each investment option has more than one investment manager and each manager may charge FES Super different fees.

3. Performance related fees –

In some cases, a performance fee is charged if performance targets are exceeded by our underlying investments. FES Super believes that performance-related fees encourage our investment managers to deliver sustained investment performance and avoids rewarding investment managers for underperformance.

Performance fees are difficult to predict because they are based on future investment performance of many underlying investments (not the performance of the whole investment option). Our estimated performance fee is achieved by averaging the performance fee paid over the previous five years or, if the asset has been held for less than five years, the timeframe that applies to the investment for which a performance fee was paid. The performance fee is included in the Investment Fees and Costs. The performance related fees may exceed our estimates as a result of greater outperformance by various underlying investment managers.

The following table shows the estimated performance fee for each investment option:

Investment option	Estimated performance fee
Smooth	0.05%
Moderate	0.04%
Australian Shares	0.00%
International Shares	0.03%
Fixed Interest	0.00%
Cash	0.00%

4. Transactional and operational costs:

- i) Identifiable transaction costs including brokerage, execution, clearing and exchange costs, buy/sell spreads on underlying investments, sales commissions, due diligence costs, legal fees, agent and consulting fees incurred, and stamp duty costs (excluding stamp duty on real estate), whether transactions proceeded or not.
- ii) This cost is deducted from before-tax investment returns before the crediting rate is applied to member accounts.
- iii) This cost is a cost to members.

5. Buy-sell spread costs are fees to recover transaction costs incurred in relation to the sale and purchase of assets of the Fund. When money is invested in an investment option with a buy-sell spread, the entry unit price includes a buy spread and is used to buy units. When money is withdrawn from an investment option with a buy-sell spread, the exit unit price includes a sell spread and is used to sell units.

FES Super does not currently charge a buy-sell spread. However, we reserve the right to apply a buy-sell spread at our discretion.

The buy-sell spreads for each investment option may vary from time to time to reflect the spreads charged by the relevant investment managers.

6. Switching fee is a fee to recover the cost of switching all or part of a member's interest in FES Super from one investment option to another.
7. Indirect Cost Ratio is the ratio of the total indirect costs for an investment option to the total average net assets of the investment option.
8. All costs related to insurance cover are set out in the Insurance Guide.
9. For information on tax, refer to the How superannuation is taxed section of this document.

10. Fee changes – All fees, costs and charges are current and may be adjusted by the Board from time-to-time without members' consent. 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 FES Super. The Board will notify you at least 30 days in advance if other fees and costs are to be increased.

11. Additional Activity Based Fees and Costs:

Type of fee or costs	Amount	How and when paid
Family Law information request	\$165 (non-member requesting information)	Payable to FES Super 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 a 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.

## 8. How super is taxed

Superannuation can be a tax-effective way of boosting your retirement savings.

Superannuation is generally taxed in three ways:

- When you make a before-tax contribution
- On investment earnings, and
- When you withdraw your superannuation.

### Tax on contributions

The amount of tax applied to superannuation contributions depends on the type of contribution (before tax or after-tax), the total value of the contributions made with the financial year and your income.

Before-tax contributions are generally taxed at 15% up to the limit if you earn less than \$250,000 a year. In 2022/23 the limit is \$27,500. If a member contributes more than \$27,500 the excess will be taxed at the member's marginal tax rate less a

non-refundable tax offset of 15% (because tax has already been paid on this amount).

Please contact us for more information if you earn more than \$250,000 a year.

### Tax deductions – are you eligible?

A member may be eligible to claim a tax deduction on after-tax contributions to superannuation if they are:

- Less than 67 years of age,
- Aged between 67 and 74 and meet the work test or qualify for the work test exemption.

To access the tax deduction, a member must lodge a notice of intention to claim the deduction with FES Super before they lodge their income tax return.

For more information, visit the Australian Taxation Office (ATO) website at [ato.gov.au/super](https://www.ato.gov.au/super).

### What are the contribution limits and what tax is payable?

Type of contribution	Tax rate	Details
<b>Before-tax (concessional), earning less than \$250,000 a year.</b>  These are mainly employer contributions, salary sacrifice contributions and personal contributions claimed as a tax deduction.	15%	A \$27,500 limit applies to contributions made from before-tax income. Before-tax contributions are taxed at 15% if the member earns less than \$250,000 a year.  Any contributions over the \$27,500 will be taxed at the member's marginal tax rate less a non-refundable tax offset of 15% (because they have already paid tax on this amount). A member may choose to withdraw up to 85% of excess contributions, which won't count towards the after-tax limit. Any excess before-tax contributions not released count toward the after-tax contributions cap.
<b>Before-tax (concessional), earning more than \$250,000 a year.</b>  These are mainly employer contributions, salary sacrifice contributions and personal contributions claimed as a tax deduction	30%	A \$27,500 limit applies to contributions made from before-tax income.  If a member's adjusted taxable income (including before-tax contributions) is more than \$250,000 per year, their before-tax contributions will be taxed at 30%, to that extent.  Any amounts over the \$27,500 limit will be taxed at the member's marginal tax rate, <sup>1</sup> less a non-refundable tax offset of 15% (because they have already paid tax on this money). A member may choose to withdraw up to 85% of excess contributions, which won't count towards the after-tax limit. Any excess before-tax contributions not released count toward the after-tax contributions cap.
<b>After-tax (non-concessional).</b>  These are typically extra, voluntary contributions made from after-tax money, including spouse contributions.	No tax payable	If a member's total superannuation balance is less than \$1.7m, they can generally make after-tax contributions. A \$110,000 <sup>2</sup> annual limit applies to contributions made from after-tax sources (or \$330,000 over three years if certain conditions are met. The three-year period automatically starts from the first year that a member adds more than \$110,000 <sup>2</sup> after-tax to their super). No tax is payable on amounts up to this limit. Any amounts over this limit will be taxed at 47%, <sup>3</sup> unless the member asks their fund to release the amounts over the limit. The associated earnings withdrawn are taxed at a member's marginal tax rate. <sup>1</sup> A member will also be entitled to a 15% non-refundable tax offset of the associated earnings included in their assessable income.  If a member chooses not to withdraw their excess after-tax contributions, the contributions will remain in their superannuation account and the excess will be taxed at 47%. <sup>3</sup>
<b>Government co-contribution</b>	No tax payable	To be eligible for a government co-contribution, a member must add to their superannuation making an after-tax contribution and earn less than \$57,016. <sup>4</sup> The co-contribution itself is not taxable either when it goes into the superannuation account, or when the member withdraws their superannuation. Further eligibility criteria apply.

### Catch up on concessional contributions

Members can carry forward any unused portion of the concessional contributions cap up to five previous financial years. If your total superannuation balance is less than \$500,000 on 30 June of the previous financial year (being all superannuation accounts in your name).

## Non-concessional contributions bring-forward <sup>5</sup>

Total superannuation balance on 30 June of the previous year	Non-concessional contributions cap for the first year	Bring-forward period
Less than \$1.48 million	\$330,000	3 years
\$1.48 million to less than \$1.59 million	\$220,000	2 years
\$1.59 million to less than \$1.7 million	\$110,000	No bring forward period, general non-concessional contributions cap applies
\$1.7 million or more	Nil	N/A

<sup>1</sup> Plus Medicare levy.

<sup>2</sup> Between 1 July 2021 and 30 June 2030, members can re-contribute amounts withdrawn under a COVID-19 early release. These amounts won't count towards the concessional contributions cap but a member can only re-contribute up to the amount withdrawn and the member cannot claim a tax deduction for re-contributed amounts.

<sup>3</sup> Includes Medicare levy.

<sup>4</sup> Members should consider their debt levels before adding to their superannuation.

<sup>5</sup> A member must be under age 75 during the financial year they first contribute more than \$110,000.

## Other tax and superannuation contributions

Other circumstances may affect how much a member can contribute and the amount of tax that is payable on superannuation, including spouse contribution offsets and downsizer contribution measures. Refer to the [ato.gov.au/super](https://ato.gov.au/super) for eligibility criteria.

## Tax on investment earnings and withdrawals

Tax is payable on investment earnings in superannuation and account withdrawals.

Earnings/Withdrawals	Tax rate	Details
Investment earnings	Up to 15%	This tax is deducted from investment earnings before the crediting rate is determined.
Income streams (pensions) and lump sum withdrawals if member is aged 60 and older	No tax payable	Both cash lump sum withdrawals and any retirement income payments a member receives will generally be tax-free.
Lump sum withdrawals if a member is under 60 years	<b>Tax-free component</b> - No tax payable <b>Taxable component<sup>1</sup></b> - Under your preservation age: 22% <sup>2</sup> tax - Between your preservation age and age 59: the first \$230,000 <sup>3</sup> is tax-free. The balance is taxed at 17% <sup>2</sup>	Cash lump sum withdrawals are divided into a tax-free and a taxable component calculated based on the type of contributions made to a member's account.  Members can find out how much of their superannuation is tax free and how much is taxable by doing a benefit quote from their online account.
Account based pension if a member is under 60 years.	<b>Tax-free component</b> - No tax payable <b>Taxable component<sup>1</sup></b> - Under preservation age: marginal tax rate <sup>4</sup> - Between preservation age and age 59: marginal tax rate <sup>4</sup> less a 15% tax offset	Pension withdrawals are divided into a tax-free and a taxable component calculated based on the type of contributions made to a member's account.  Members can find out how much of their superannuation is tax free and how much is taxable by doing a benefit quote from their online account.

<sup>1</sup>If your taxable component includes an untaxed element, additional tax may be applied to that element.

<sup>2</sup> Includes Medicare Levy.

<sup>3</sup> This amount is reduced by any amount previously applied to this threshold.

<sup>4</sup> Plus Medicare Levy.

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### **Low-income super tax offset**

If a member is eligible and earns \$37,000 a year or less, the government will refund 15% of the total before-tax contributions they or their employer makes, up to \$500 a year. The amount is automatically calculated by the Australian Taxation Office and is deposited into the member's superannuation account after they lodge their tax return each year.

### **First Home Super Saver Scheme**

Refer to the Australian Taxation Office website at [ato.gov.au/super](http://ato.gov.au/super) for more information.

### **Death benefits paid to dependants**

Lump sum Death benefits are tax free when paid to a member's dependants.

Income streams paid to a dependant are tax free if either the member or their dependant were aged at least 60 years at the date of their 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.

All taxed amounts are additionally subject to the current Medicare Levy of 2%.

### **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% and the untaxed element (if included) 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 current Medicare Levy of 2%.

## 9. Proof of Identity Requirements

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If a member wishes to transfer money out of FES Super, apply for a benefit payment or wish to transfer money into FES Super they will be required to provide FES Super with certified photocopied documents that prove they are the person entitled to the superannuation benefit or superannuation transfer amount. FES Super may also require acceptable proof of identity documents on other occasions to prove the member is the person to whom the superannuation entitlement belongs.

Acceptable documents that may be used for this purpose are:

### **EITHER**

One of the following photographic documents only:

- the member's current driver's licence issued under an Australian State or Territory law; or
- the member's 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 the member's name and residential address.

### **OR**

One of the following documents:

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

### **AND**

One of the following documents:

- a letter addressed to the member from the Commonwealth Department of Human Services/Centrelink within the past 12 months regarding a Government assistance payment;
- a notice issued to the member by the Australian Taxation Office (ATO) within the past 12 months that contains the member's name and residential address, e.g. a notice of an ATO assessment; or
- a notice issued to the member by a local Government body or utilities provider within the previous 3 months that contains the member's name and residential address, e.g. a rate notice from their local Government.

### **Change of name or signing on behalf of another person**

If a member has changed their name or is signing on behalf of a member or beneficiary, they must 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 a member changed their name, then a linking document will be a marriage certificate, deed poll or change of name certificate from the Births, Deaths and Marriages Registration Office.

If an individual is signing on behalf of a member or beneficiary, that individual must 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) must be certified as true copies by any individual approved to do so (refer below). **These proof of identity documents must be signed and dated within 7 days of a request to FES Super for the transaction to be processed.**

### The person who is authorised to certify documents must:

1. examine the original to ensure it is not a copy or forgery; and
2. examine the copy to ensure it is identical to the original. A copy can be considered identical even if it is a different size and colour, so long as that does not result in the loss of any material information.

The person certifying the copied document must then write or stamp the copy with the words “certified true copy” followed by their signature, printed name, qualification (e.g. Justice of the Peace or Australia Post employee) and the date.

If there are multiple pages to the copy, the certifier must sign or initial and number all pages.

The following people 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; or
- 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.



# 10. When can a member access their superannuation?

A member, or their beneficiaries on the member's death, can only withdraw superannuation savings if they:

- reach preservation age and have permanently retired from employment;
- die;
- become permanently incapacitated;
- are a temporary resident permanently departing Australia;
- reach age 65; or
- commence a transition to retirement pension after reaching preservation age.

Members may withdraw some of their superannuation earlier if they meet certain specific conditions and suffer severe financial hardship or require funds on compassionate grounds.

## Financial hardship

Members may apply for one payment of up to \$10,000 gross in a 12-month period if they:

- have not received a Financial Hardship payment from any superannuation fund within the last 12 months;
- have received eligible Commonwealth income support payments at the time of the claim and have been receiving these payments for a continuous period of at least 26 weeks; and
- are unable to meet reasonable and immediate family living expenses.

If a member reaches their preservation age plus 39 weeks they can apply for any amount if they:

- have been receiving eligible Commonwealth income support payments for a cumulative period of at least 39 weeks since reaching preservation age; and
- are unemployed or employed for less than ten hours a week when they make an application for payment for financial hardship reasons.

Temporary Australian residents are not eligible for early access to their superannuation on the grounds of financial hardship.

Please contact FES Super for more information.

## Compassionate grounds

Members may apply to the Government for early access to their superannuation on compassionate grounds if:

- they or their family have significant medical costs (including medical transport, or costs for house or car modifications due to disability);
- their house is at risk of being sold by their mortgage lender;
- they need to pay for palliative care; or
- they need to cover the funeral expenses of a dependent.

More information is available on the Australian Taxation Office (ATO) website at [www.ato.gov.au](http://www.ato.gov.au)

If a member had superannuation prior to 1 July 1999, a portion of their account may be accessible in cash on leaving employment. Eligible members will be advised of this option when they leave their employment.

## What is my Preservation Age?

A member's Preservation Age is the age at which they can access their superannuation after they permanently retire from employment or wish to transition to retirement with an income stream.

A member's Preservation Age is:

If a member was born	Their 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

## Options on leaving employment?

If a member ceases employment but does not meet the above conditions for accessing their superannuation, they can:

- leave their superannuation in FES Super and continue to receive investment earnings (which may be positive or negative) based on their chosen investment options. This is known as a 'Retained Benefit'; or
- transfer their account balance to another superannuation fund or to a retirement savings account. Please contact FES Super for more information.

If a member has reached their Preservation Age, they can access one of FES Super's pension options. Please refer to FES Super's Product Disclosure Statement for Pension Members for more information.

## Rollovers/Transfers out of FES Super

A member may wish to transfer (or rollover) their FES Super account to another superannuation fund. FES Super will transfer benefits subject to any requirements or restrictions under relevant law.

If the member is still employed and:

1. is a Defined Benefit Member and has an Accumulation Account, they can transfer part of their Accumulation Account to another superannuation fund once a financial year. A minimum rollover/transfer of \$2,000 applies to each request; or
2. is an Accumulation Member, they can transfer part of their Accumulation Account to another superannuation fund once a financial year. However, the member must leave at least \$6,000 in their Accumulation Account and a minimum rollover/transfer of \$2,000 applies to each request.

## Payment of low balance inactive accounts to the ATO

Superannuation funds are required to transfer low balance inactive accounts to the Australian Taxation Office (ATO) where the ATO will proactively consolidate the superannuation accounts.

This rule aims to prevent members with inactive low account balances from having their super savings eroded by fees.

Under these rules, superannuation accounts with a balance

under \$6,000 must generally be transferred to the ATO unless the member has in the previous 16 months:

- received a contribution, rollover or automatic transfer from another fund;
- made an investment choice;
- changed their insurance cover;
- made a binding beneficiary nomination; or
- provided written notice to the ATO or to FES Super that they do not wish for their FES Super account to be transferred.

Superannuation funds are required to identify inactive low-balance accounts on 30 June and 31 December each year and then report and pay them to the ATO by the statement dates.

For accounts identified on:

- 30 June, the statement date is 31 October of the same year; and
- 31 December, the statement date is 30 April of the following year.

If a member wishes their superannuation account to remain with FES Super, they should complete the Inactive Account – Authorisation for ATO Declaration and send it to FES Super, who must receive the completed form at least 30 days before the statement date.

After FES Super receives the completed form, the inactive low balance account will stay with FES Super and the ATO cannot consolidate this account on behalf of the member.

If an inactive low balance account remains with FES Super, a member's retirement savings will continue to be subject to fees and charges.

An authorisation to leave superannuation with FES Super is not enduring. This means if the account again meets the definition of an inactive low balance account in the future, and the member does not want this account transferred to the ATO, they will need to complete a new authorisation.

Visit the ASIC MoneySmart website at <https://www.moneysmart.gov.au> for more information or consult a financial advisor for advice on how to manage superannuation.

## What happens when a member dies?

FES Super encourages members to complete either a Preferred Beneficiary Nomination form or a Binding Beneficiary Nomination form to help the FES Super Board decide how to distribute the superannuation on the member's death.

A Preferred Beneficiary Nomination form is not binding on the FES Super Board, but will help the FES Super Board to understand a member's wishes about their superannuation. The FES Super Board will then consider all the circumstances that apply at the date of death prior to paying any monies.

A Binding Beneficiary Nomination form provides greater certainty for members about who will receive their superannuation death benefit if they should die. This nomination binds the FES Super Board to pay to whom the member directs (providing the nomination satisfies legal requirements at the date of death). Nominated beneficiaries must be the member's spouse or Partner, child(ren), financial dependant(s), a person with whom they had an interdependency relationship or their legal personal representative. All a member's nominated beneficiaries must be alive and fall within one of these categories at the date of death.

A Binding Beneficiary Nomination is valid for three years from the date of receipt by FES Super. A member may renew their Binding Beneficiary Nomination at any time but FES Super will make contact with the member just prior to its expiration to remind them to renew their Binding Beneficiary Nomination.

If a member's Binding Beneficiary Nomination is valid at the date of their death, the FES Super Board must follow it no matter how their circumstances may have changed. For example, if the member nominates their Partner and they later separate, but have not yet legally divorced, the Binding Beneficiary Nomination remains valid and binds the FES Super Board to pay the Death benefit to the Partner.

Binding Beneficiary Nominations remain in place until the member cancels it or at the end of three years when they expire.

A Binding Beneficiary Nomination form can be downloaded from our website. Alternatively, please contact FES Super to request the form.

## Who are dependants?

People in the following categories are considered 'dependants':

1. **Partner** – husband or wife or de facto husband or wife including same sex Partners.
2. **Children** – including step-children, adopted children and ex-nuptial children.
3. **Financial dependant** – anyone who was being financially supported by the deceased member just before the member dies. This may include a surviving partner, minor children and any adult children who were receiving ongoing and regular financial support from the member with an expectation for the support to continue.

Anyone who is financially supported by the member prior to the member's death unless a physical, intellectual or psychiatric illness prevents them from living together may also be a financial dependant.

A financial dependent may or may not be a relative.

# 11. Other information

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## 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 with effect from 1 July 2013 for operational risk events that may occur 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 FES Super Board established an operational risk financial requirement (ORFR) reserve with effect from 30 June 2013 that is a dollar figure equivalent to 0.3% of assets under management. The reserve has been deducted from 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 FES Super such as failure by the FES Super Board to identify or prevent fraudulent activity or failure to ensure the security of information. The ORFR will be maintained and monitored by the FES Super Board on an ongoing basis and is segregated from the members' assets.

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

## Politically Exposed Persons

A Politically Exposed Person (PEP) is an individual who holds a prominent public position or role in a government body or international organisation, either in Australia or overseas. Examples of PEPs include heads of state, government ministers, senior government executives, high-ranking judges and executives of an international organisation. Immediate family members and close associates of these individuals are also considered PEPs.

Under anti-money laundering and counter terrorism financing laws, any member of a superannuation fund who is a PEP must let their fund know their status.

PEPs often hold positions of power and influence and can be a target for corruption and bribery attempts, and ultimately for money laundering and terrorism financing activities. However, being a PEP does not automatically mean someone is involved in criminal activities.

## What happens if someone is a PEP?

Any member who indicates to us that they are a PEP will be checked against Government lists to ensure there is no issue. If a PEP check raises any concerns, we will contact the member directly.

Please advise us immediately if you are a PEP.

## Tax File Numbers

FES Super is authorised under superannuation law to collect, use and disclose a member's Tax File Number (TFN). It is optional for members to provide their TFN but if FES Super has it, it can accept all types of contributions, members won't pay more tax than they need to and it will be easier to find a member's super. If a member transfers their super to another fund, FES Super will give the other superannuation fund the member's TFN unless the member tells us not to in writing.

If FES Super doesn't have a member's TFN, it can only accept employer contributions paid on their behalf and cannot accept any personal after-tax contributions they wish to make.

Unless a member specifically requests otherwise, their employer is required by law to provide their TFN to FES Super.

Where a member decides not to provide their TFN to FES Super and they are under age 60 an additional amount of tax will be deducted from employer contributions (including salary sacrifice contributions) made to their account and from benefits paid from their 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.

## Lost Members

A member is called a "a lost member" when:

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

If a member becomes "a lost member", FES Super will transfer their benefit to the Australian Taxation Office.

## How do members make an enquiry or complaint about FES Super?

The FES Super Board makes every effort to ensure that the level of service provided meets members' expectations. However, if a member has an issue or complaint, they should talk to the Fund Secretary of FES Super as the issue may be easily resolved.

If the member prefers not to discuss the complaint with the Fund Secretary, or their concern is not satisfactorily resolved, they should write to:

**The Complaints Officer**  
**FES Super Board**  
**PO Box 513**  
**SUBIACO WA 6904**

The Complaints Office will investigate the complaint and provide the member with a written response usually within 21 calendar days of receiving the complaint (but in-any-case within 45 calendar days of receiving the complaint). For complaints about death benefit distributions, FES Super will provide a response within 90 calendar days after the expiry of the 28-calendar day period for objecting to a proposed death benefit distribution.

If an issue has not been resolved to the member's satisfaction, they can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

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 and is free to consumers.

Certain complaints must be lodged with AFCA within specified time limits. Members should contact AFCA to discuss their issue in more detail.

**Australian Financial Complaints Authority**  
**GPO Box 3**  
**Melbourne VIC 3001**  
**Web: [www.afca.org.au](http://www.afca.org.au)**  
**Telephone: 1800 931 678 (free call)**

## For more information

Superannuation is not as complicated as members might think. This document summarises entitlements as a member of FES Super and is an important reference for the future.

Members will be kept regularly informed of their entitlements. Each year, members receive and have online access to a detailed Annual Benefit Statement setting out their FES Super entitlements. An Annual Report to Members is also provided. Members are also entitled to see the FES Super Act and Regulations governing the operation of FES Super, copies of audited accounts and actuarial reports. These documents, or a summary, are available on FES Super's website at [www.fessuper.com.au](http://www.fessuper.com.au)

Should members have any questions, they should contact FES Super during normal office hours:

**Fire and Emergency Services Superannuation Board**  
**242 Rokeby Road**  
**Subiaco WA 6008**  
**Telephone: (08) 9382 8444**  
**Email: [admin@fessuper.com.au](mailto:admin@fessuper.com.au)**

## Personal Information

The privacy and security of the personal information of all members is important to FES Super. Personal information will be collected and handled in accordance with our Privacy Policy and Privacy Statement, which complies with Privacy legislation.

Please refer to the Privacy Policy and/or the Privacy Statement which are available on our website.

## Why is personal information collected?

The primary purpose for the collection of personal information is to administer the superannuation accounts of members and enables FES Super to:

- administer, invest, calculate, pay or transfer superannuation benefits;
- process enquiries and complaints;
- ensure compliance with FES Super's legal, taxation and reporting obligations;
- assist employers in meeting their employment and superannuation obligations to their employees;
- assist in the provision of member education and communication of information to members;
- gain insurance coverage or to assess/process a claim for Death or disability benefits; and
- comply with obligations under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth).

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

The FES Super Board will not use a member's personal information for any other purpose without their 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.

## Contact details

It is important for members to make sure that the contact details FES Super has for them are up-to-date. This will ensure FES Super can communicate with members regarding their superannuation benefit at all times.

## Can a member access personal information held by FES Super?

A member can request access to their personal information held by FES Super. In certain circumstances, access may be restricted or denied and FES Super will advise the member of the reasons should this occur.

## Who else may be given access to member information?

While the FES Super Board 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 FES Super Board. These organisations may include the FES Super accountant, auditor, actuary, administrator, legal adviser, insurer and underwriter, medical practitioner/s, the archiving company and a mailing house (for the purpose of distributing member communications). Where possible and practical, the FES Super Board will remove personal identifiers from personal information before disclosing any information to third parties, for example, by removing member names and addresses.

The FES Super Board may also be required to disclose certain personal information in its dealings with a member's employer (such as to confirm the contributions received for the year) or with other superannuation funds when transferring a member's account into or out of FES Super.

The FES Super Board may be required by law to disclose personal information to regulatory authorities like the Australian Taxation Office, the Australian Prudential Regulation Authority, the Australian Securities and Investment Commission, the Office of the Australian Information Commissioner or the Australian Financial Complaints Authority 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.

## What other benefits does FES Super provide?

### ✓ Retained Benefit

FES Super allows members to leave their superannuation account in FES Super when they cease employment. This arrangement is called the Retained Benefit option. The member's account will be credited with investment returns based on their selected investment option(s). The same investment options are available to Retained Benefit members as for other FES Super members who have Accumulation Accounts.

If a member wishes to make partial withdrawals from their Retained Benefit, including transfers to other superannuation funds, they may 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 made in excess of eight in a financial year will each incur a fee of \$50.

Members should note that their insurance cover will generally stop when they cease employment with their current employer, as will any employer contributions being made on their behalf.

Defined Benefit entitlements are calculated at the date of leaving employment and transferred into an Accumulation Account.

The same fees and costs apply to Retained Benefit members as for Accumulation Members.

For the full terms and conditions of leaving money in the Retained Benefit option, please contact FES Super.

### ✓ Spouse Account

A member may wish to open a FES Super Accumulation Account for their Partner. This arrangement is called a Spouse Account. If the member's Partner is a low-income earner, the member may be eligible to receive a tax offset for making contributions on behalf of their Partner. The Partner may also be eligible for the Government Co-Contribution should they choose to make contributions to their own Accumulation Account.

Members can make after-tax voluntary contributions into a Spouse Account, which will be allocated with investment returns (which may be positive or negative) based on their chosen investment option(s).

In order to open a Spouse Account, a FES Super member must either:

- make a minimum initial investment of \$1,000 to establish the Partner's Spouse Account; or
- commit to a regular deduction of at least \$20 per week from their pay for at least one year, to be paid into their Spouse Account.

The same investment options, fees and costs apply to Spouse Accounts as for Accumulation Members.

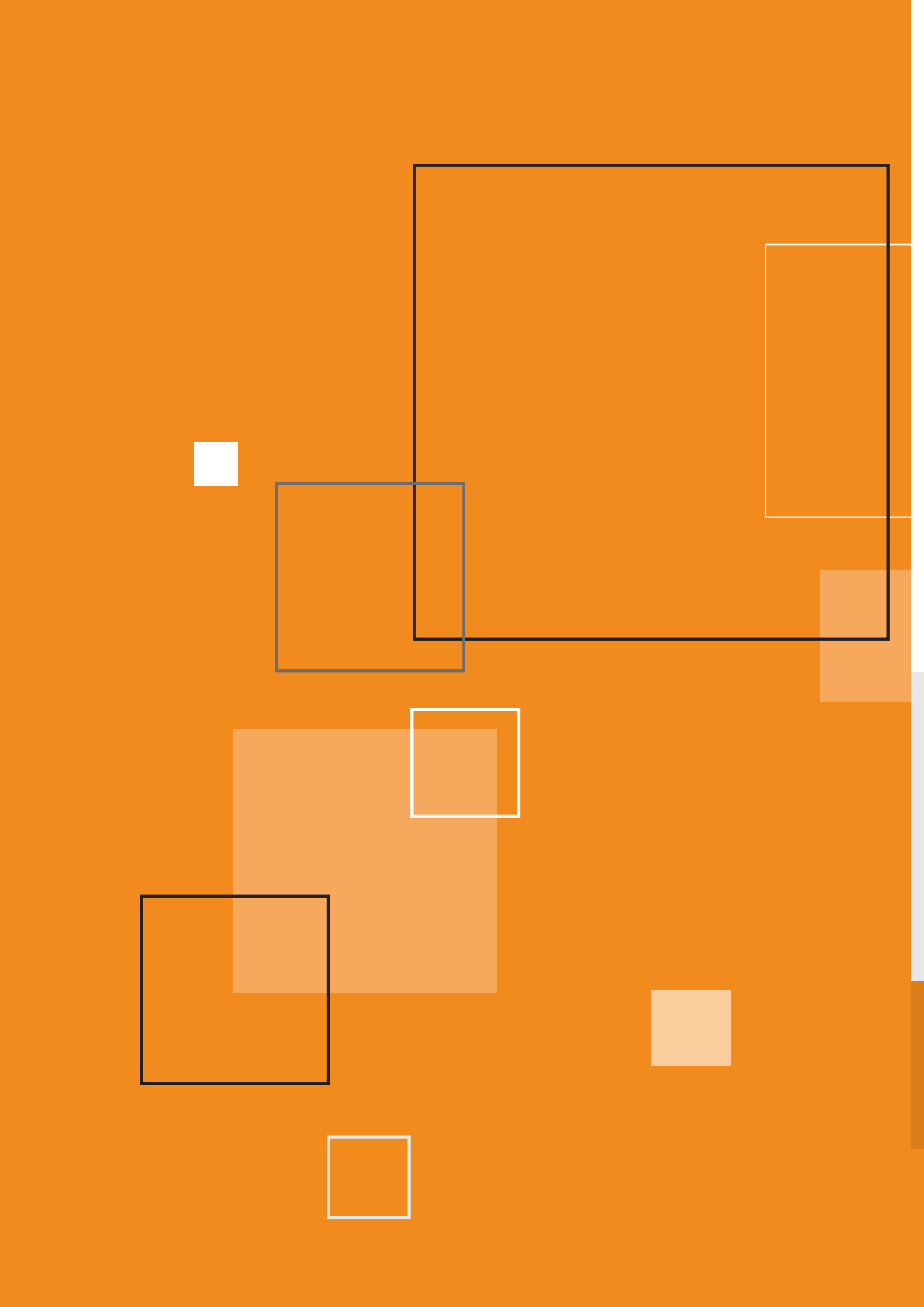
Death and Total and Permanent Disablement Insurance cover is available for Spouse Accounts on a voluntary opt in basis. A minimum number of two units of insurance cover applies.

For further information, please contact FES Super.

### ✓ Pension options on retirement

On retirement, members can keep their superannuation account invested in FES Super and draw a regular income stream with FES Super's pension option. A pension can be a very tax effective way of drawing on superannuation in retirement. The pension option offered is an account-based pension that gives flexibility and control over retirement income.

For further information on the pension options offered by FES Super, please contact FES Super 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 our website.





fessuper.com.au

