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RSE Licence Number L0000321

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For further information
about the methodology
used by Chant West see
www.chantwest.com.au

Member Guide

Accumulation Section

The information in this Member Guide forms part of the
VISSSF Product Disclosure Statement (PDS) for Accumulation members

The Victorian Independent Schools Superannuation Fund

ABN 37 024 873 660 RSE Registration Number R1000436 MySuper Authorisation 37024873660599

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This Member Guide provides important information about The Victorian Independent Schools Superannuation Fund (VISSF) and forms part of its Product Disclosure Statement (PDS) for Accumulation members issued 31 January 2019. It provides a summary of significant information and contains a number of references to important information, each of which forms part of this statement. You should consider this information before making a decision about investing in VISSF. The information provided in this statement is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice that is tailored to suit your personal circumstances.

You can obtain a copy of the PDS and any of the reference documents, including this Member Guide and Insurance Guide, free of charge from our website www.vissf.com.au/pds-documents or by telephoning us on 1300 660 027. When requesting by telephone, the Trustee is required to provide the information to you within 8 business days.

Chant West Pty Ltd (ABN 75 077 595 316) (Chant West) has given its consent to the inclusion in this PDS of the references to Chant West and the use of logos and ratings provided by Chant West in the form and context in which they are included.

1. ABOUT VISSF

The Trust Deed

The operation of VISSF is governed by a legal document known as a Trust Deed. The Trust Deed sets out your rights to receive benefits and the conditions of membership of VISSF.

Role of the Trustee

The Trustee is responsible for managing VISSF and ensures that it operates in accordance with the Trust Deed.

The Trustee is responsible for:

- the operation of VISSF;
- the proper investment of assets;
- ensuring members' rights are protected; and
- payment of benefits at the appropriate time.

The Trustee holds an Australian Financial Services Licence (AFSL Number 235097) that allows it to provide general advice about VISSF to members and prospective members.

The Trustee also holds a Registrable Superannuation Entity Licence (RSE Licence Number L0000321).

Directors of the Trustee

There are nine directors of the Trustee. Four of the directors are elected from the employee-elected Policy Committee members, four are elected from the employer-appointed Policy Committee members and one independent director.

The directors meet regularly to ensure that VISSF operates efficiently. In addition, the Trustee employs professional advisers to assist with VISSF's investments and its operation. Information on the investment manager, administrator and others associated with the management of VISSF is provided in the Annual Report to Members.

Policy committee

The Policy Committee meets annually to discuss the affairs of VISSF and is a communication link between its members, employers and the Trustee. Each participating employer may have two members on the Policy Committee. One is appointed by the employer and the other is elected by its employees. The names of the present Policy Committee members are available from the VISSF office and are shown in the Annual Report to Members.

Your member account

When you commence employment with a VISSF participating employer and you join VISSF, you will have your own Member Account. Your Member Account will grow with the addition of:

- employer contributions;
- member contributions;
- Government co-contributions and Low Income Super Tax Offset (if any);
- transfers into VISSF from other superannuation arrangements; and
- earnings, which may be positive or negative, achieved by your investment option.

Less:

- an administration fee;
- the cost of your insured benefits;
- any tax that may be payable; and
- any other fees and costs.

How to contact us

Telephone: 1300 660 027

GPO Box 4974

Melbourne VIC 3001

Email: super@vissf.com.au or

Website: www.vissf.com.au

2. HOW SUPER WORKS

Contributions

From the day they are banked, all contributions made to your Member Account receive the investment earnings applicable to your investment choice. Investment earnings may be positive or negative.

Contributions can be paid to your Member Account until you reach the age limit imposed by Government legislation (see heading **Who can contribute to superannuation**).

Once you are a member of VISSF, if you join another employer not participating in VISSF, it may be possible for your new employer to join VISSF and make contributions to your Member Account.

Employer contributions

Superannuation Guarantee (**SG**) legislation requires that your employer contributes a minimum percentage (currently 9.5%) of your ordinary time earnings to a superannuation fund on your behalf. Superannuation contributions to all complying superannuation funds to which the employer contributes on your behalf are taken into account when determining whether or not your employer meets the minimum contribution required by legislation.

Your employer is required to make superannuation contributions on your behalf of an amount at least equal to the minimum provided by the Superannuation Guarantee legislation. The contribution paid by the school to all funds includes the 3% contribution required under the Victorian Independent Schools - Teachers - Award 1998 (if applicable).

Employers may remit contributions to VISSF electronically using EFTPOS, BPAY or an employer initiated direct debit arrangement. To access BPAY details, register for Employer Online by visiting www.vissf.com.au. Once registered, employers can also enable our Super Clearing House (**SCH**) Online facility. This saves employers having to make multiple cheque and online payments and avoids doing multiple sets of paperwork. With SCH Online, employers can easily do online reviews of all reference numbers, times and dates of payment presentations. There is no transaction fee for contributions made to VISSF or any other superannuation fund. Learn more and view the SCH Online PDS at www.vissf.com.au/clearing-house or telephone VISSF on 1300 660 027.

Member contributions

Members are able to make personal contributions to their superannuation. These contributions can be paid from your after-tax salary or, with the consent of your employer, from your pre-tax salary (the latter is often referred to as salary sacrifice). We recommend you seek advice from your financial adviser if you wish to find out more information about paying member contributions and the arrangement that might best suit you. Contributions can be deducted from your pay and sent to VISSF by your employer, or you can mail a cheque directly to VISSF.

To make contributions electronically, you can register for Member Online to access your BPAY details, including the VISSF Biller Code and your own personal reference number. Do not share this number with your employer as it is for your personal contributions only.

You may select the amount of contribution you wish to make and you may commence or cease making contributions at any time.

Contribution Caps

Caps apply to contributions made to your superannuation in each financial year. If your contributions exceed these caps, you may have to pay extra tax.

Where you have more than one superannuation fund, all your contributions made to all of your funds are added together and counted towards the relevant contributions cap.

Concessional contributions

Concessional contributions include any:

- employer contributions, including contributions made under a salary sacrifice arrangement; and
- personal contributions where you have been able to claim a tax deduction.

Financial year	Concessional contributions cap
2018/19	\$25,000 per annum

Excess concessional contributions are included in your taxable income, taxed at your marginal tax rate plus an Excess Contributions Charge (**ECC**), based on the average yield of 90-day Bank Accepted Bills rates as published by the Reserve Bank of Australia plus an uplift factor of 3%.

From 1 July 2018, if you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap and make additional concessional contributions for any unused amounts.

The first year you will be entitled to carry forward unused amounts is the 2019/20 financial year. Unused amounts are available for a maximum of five years, and after this period will expire.

The general concessional contributions cap is indexed in line with Average Weekly Ordinary Time Earnings (**AWOTE**) in increments of \$2,500 (rounded down).

Non-concessional contributions

Non-concessional contributions include personal contributions for which you do not claim an income tax deduction, including any spouse contributions you have received.

Financial year	Your total superannuation balance	Non-concessional contributions cap
2018/19	Less than \$1.6m	\$100,000 per annum
	Greater than or equal to \$1.6m	Nil

Your 'total superannuation balance' is the balance of all your superannuation and retirement savings accounts, reduced by the sum of any personal injury structured settlement amounts contributed to superannuation, as at 30 June of the previous financial year.

If you are under 65 years old, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap in a single year. If eligible, when you make contributions greater than the annual cap, you automatically gain access to future year caps. This is known as the 'bring-forward' option.

Since 1 July 2017 the bring-forward amount and period has been dependent on your 'total superannuation balance' on the day before the financial year contributions that trigger the bring-forward. However, transitional arrangements apply if you triggered a bring-forward in either the 2015/16 or 2016/17 financial years and your cap would have been reassessed from 1 July 2017 to reflect the new annual cap provisions. Refer to www.ato.gov.au/super for further details.

VISSF is not able to accept non-concessional contributions in excess of the relevant cap or where you have not provided a Tax File Number (TFN) and will refund any amounts that have been incorrectly accepted. Any refund may be adjusted for investment movements, reasonable costs and possible expenses such as insurance premiums.

The ATO will assess if you have exceeded the non-concessional contributions cap and provide you with the option to withdraw the excess and any associated earnings from your superannuation fund. The earnings are then included in your income tax assessment. This requires the superannuation fund to release and send amounts to the ATO, who then refund any remaining balance to you after determining any tax payable.

If you choose not to withdraw your excess contributions, they are assessed and taxed by the ATO at the top marginal tax rate. You must elect the superannuation fund from which your excess non-concessional contributions tax is to be released.

Who can contribute to superannuation

Before age 65

Anyone between the ages of 18 and 64 can make contributions to a superannuation fund without the need to provide evidence of being gainfully employed.

From age 65

Compulsory employer contributions may be made to any age. Compulsory employer contributions are contributions the employer is required to pay under Superannuation Guarantee legislation, an industrial Award or a Certified Agreement.

Voluntary employer contributions can be made up to age 75 during a financial year provided the member has worked at least 40 hours in a period of not more than 30 consecutive days in that financial year. Member salary sacrifice contributions are deemed to be voluntary employer contributions.

Member non-concessional (after tax) contributions can be made to age 75 during a financial year provided the member has worked at least 40 hours in a period of not more than 30 consecutive days in that financial year.

Member contributions on behalf of a spouse

Contributions can be made for a member spouse until that spouse is aged 65, or prior to age 70 if the member spouse has worked at least 40 hours in a period of not more than 30 consecutive days in that financial year.

Low Income Superannuation Tax Offset

You may be eligible for the Low Income Superannuation Tax Offset (LISTO), which means the government also adds to your super. You don't need to apply for government contributions. If you're eligible and you have provided your TFN, the government will pay it to your fund account automatically.

Eligible members with adjusted taxable incomes up to the Lower Threshold will receive a LISTO contribution equal to 15% of their total concessional super contributions for a financial year, capped at \$500. Relevant thresholds are summarised as follows:

Year of entitlement	Maximum entitlement	Matching rate	Lower threshold	Higher threshold
2018/19	\$500	50%	\$37,697	\$52,697

More information about government superannuation offsets can be found on the ATO website at www.ato.gov.au/super

Super Housing Measures

First home super saver scheme

This allows you to make voluntary concessional and non-concessional contributions into your superannuation fund to save for your first home. From 1 July 2018, if you are 18 years or over and meet certain other conditions, you can apply to release these contributions, along with associated earnings (up to a maximum of \$15,000 from any one financial year and \$30,000 in total across all years) for the purpose of helping you purchase your first home that you intend to live in.

Downsizing contributions into super

This allows you to contribute up to \$300,000 into your superannuation fund from the proceeds of downsizing your main residence. Your spouse may also be able to make a contribution. This amount is not considered a non-concessional contribution and does not count towards your non-concessional cap or your total superannuation balance test. To be eligible, you must be aged 65 or over and have entered into the contract of sale on or after 1 July 2018 and owned the home for ten years or more.

Refer to www.ato.gov.au/super for further details about the superannuation housing measures.

Contribution Splitting

Superannuation contribution splitting means that you can split certain superannuation contributions made during a financial year between you and your spouse (see heading **Spouse Members** in section 3).

A request to split contributions can only be made after the end of the relevant financial year.

Special rules apply to contribution splits – for example, splitting is limited to 85% of your concessional splittable contributions in respect of a financial year. Non-concessional contributions received by a superannuation fund after 5 April 2007 cannot be split.

Generally, contributions made to VISSF by your employer are likely to be concessional splittable contributions, however this will depend on your individual circumstances.

Whether or not 'splitting' contributions is right for you will depend on your own personal circumstances and you should consider obtaining professional advice.

Transfers from Other Funds

You may transfer a benefit to VISSF from another superannuation fund at any time. Amounts transferred are credited to your Member Account in the same manner as contributions.

VISSF does not charge an "entry fee" if you transfer a benefit from another superannuation fund.

To perform the transfer online, you will need to register and log in to your Member Online account. You can do this quickly by visiting our website www.vissf.com.au and clicking on the Member Online button. Alternatively, you can call our Client Services Team on **1300 660 027** to arrange the transfer over the phone or simply download and complete the **Consolidate your super** form located at www.vissf.com.au/forms-you-need.

Before deciding to transfer a benefit from another superannuation fund, you should enquire from your previous fund whether any exit fees or penalties will apply. You should also ascertain what effect, if any, the transfer will have on any insurance cover you may have in your previous fund.

Preserved Benefits

Superannuation is a long-term investment and government legislation may require that your benefit cannot be paid to you until some future time. That is, all or part of your benefit may have to be preserved.

All member and employer contributions plus investment earnings must be preserved.

Preserved benefits must stay in the superannuation system and can only be paid in cash once you have satisfied one of the following conditions of release:

- you reach age 65;
- after reaching age 60, you cease employment with an employer who has been contributing to the fund;
- you retire from the workforce after reaching your preservation age;
- you have reached your preservation age and are using a transition to retirement strategy to commence an account based pension;
- you die or become permanently disabled;
- you are diagnosed as having a terminal illness;
- you cease employment and have a preserved benefit of less than \$200;
- you permanently depart Australia after being in the country on an eligible temporary visa;
- you receive specific approval by the Trustee in the case of demonstrated severe financial hardship; or
- the Australian Taxation Office approves the release of your benefit on compassionate grounds.

Your preservation age is based on your date of birth:

Date of Birth	Age
After 30/6/1964	60
1/7/1963 – 30/6/1964	59
1/7/1962 – 30/6/1963	58
1/7/1961 – 30/6/1962	57
1/7/1960 – 30/6/1961	56
Before 1/7/1960	55

The amount of your preserved benefit is shown on the Benefit Statement issued to you each year.

Non-preserved benefits

Restricted non-preserved benefits may be paid in cash if you satisfy one of the conditions for release of a preserved benefit or, generally, when you cease employment with your current VISSF employer.

Unrestricted non-preserved benefits can be paid to you at any time.

Fees apply for benefits paid out of VISSF, see the **Fees and Costs Summary** in section 6 of this guide.

3. BENEFITS OF INVESTING WITH VISSF

Spouse Members

The spouse of an existing VISSF member may become a Spouse Member of VISSF. The existing VISSF member will then be able to make contributions on behalf of the Spouse Member.

A spouse in relation to a member includes:

- a) another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 2E of the Acts Interpretation Act 1901 as a kind of relationship prescribed for the purposes of that section; and
- b) another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.

To become a Spouse Member:

- the spouse must either be under age 65, or if aged between 65 and 69 have worked for at least 40 hours in a period of not more than 30 consecutive days during the financial year in which the contribution is made at the time the first contribution is made;
- the member and the spouse must be living together at the time contributions are made;
- contributions made by a member for a spouse will be treated as non-concessional contributions; and
- the existing VISSF member must make an initial contribution of at least \$1,000 on behalf of his or her spouse. Thereafter, subject to the contribution caps described earlier in this guide, there is no limit to the amount of contribution a member can make for their spouse, however the tax offset, if applicable, may not apply to the total contribution.

Spouse account

Contributions and rollovers are credited to a Spouse Account held in the name of the member spouse within VISSF.

Any administration fees, insurance fees (if applicable) and tax payable are deducted from the account and the earnings achieved by the chosen investment option are applied to the balance. The spouse benefit is the balance of the Spouse Account.

Deductions and earnings are applied to a Spouse Account in the same way as described in the **How we invest your money** section in this guide.

A Spouse Member has the same investment choice options as other VISSF members. Investment options are explained in the **How we invest your money** section in this guide.

Spouse Members may apply for additional voluntary insurance cover as described in the **Insurance Guide**. To receive insured benefits, Spouse Members must provide the VISSF Insurer with satisfactory evidence of health.

A spouse tax offset may be available depending on relevant tax laws and the spouse's income. Consult the ATO website www.ato.gov.au or your adviser for more information.

Once an existing VISSF member has made the initial contribution a Spouse Member will be entitled to make contributions to their own Spouse Account.

It may also be possible for the employer of a Spouse Member to become a participating employer and make contributions to VISSF. You should contact the VISSF office if you require further information regarding this option.

From the day they are banked, all contributions made to a Spouse Account receive the investment earnings based on the chosen investment option.

If the Spouse Member does not make an investment choice, the default Balanced investment option will apply. Investment earnings may be positive or negative.

What happens when you leave your employer?

Leaving service benefit

When you leave your employer you are entitled to the total balance of your Member Account.

All or part of your benefit may need to be preserved in a superannuation environment and will not be able to be paid to you in cash unless you have satisfied a condition of release. See heading **Preserved Benefits**, earlier in this guide.

Transfer to another participating employer

If you transfer to another employer participating in VISSF you will not receive a leaving service benefit. You will remain a member of VISSF and your benefit will be transferred to a Member Account with your new employer. The contributions provided by your new employer will then apply.

The amount of your Death, Total & Permanent Disablement (TPD) and Income Protection insurance cover will continue when your benefit is transferred to the new employer. You will also have the option of electing to receive the insurance cover provided to new members of your new employer. However, you must elect to do so within 60 days from the date of the letter advising that your benefit has been transferred to a new employer.

Transfer to a non-participating employer

If your new employer does not participate in VISSF, the employer may agree to become a participating employer and make contributions into your VISSF Member Account. Alternatively, you can transfer your benefit to another regulated superannuation fund.

Inactive Members and Retained Benefits

If you no longer have an employer contributing to VISSF and:

- you provide an instruction that your benefit is to remain in VISSF; or
- you do not provide VISSF with an instruction; or
- VISSF is unable to immediately comply with your instruction for any reason,

you will be classified as an Inactive Member and transferred to VISSF's Retained Benefit Section where your account will continue to be invested in your current investment option.

You can switch the investment selection of your account balance at any time - see the **How we invest your money** section in this guide.

As an Inactive Member, you may make contributions into your Member Account. Any contributions will be invested in accordance with the latest investment selection that applied for future cash flows while you were an Accumulation member. You may switch your investment selection for future cash flows at any time - see the **How we invest your money** section in this guide.

Your benefit will remain in the Retained Benefit Section until the Trustee is able to action your payment instruction or the Trustee is advised that you have recommenced regular employment with an employer participating in VISSF.

Your Death and TPD cover will continue unless you advise VISSF in writing that you choose to reduce or cease your cover.

Your insured benefits in the Retained Benefit Section will be the same number of units or the same fixed dollar value of benefits you had prior to your transfer. Once transferred, the insured benefits will not change while you are a Retained Benefit member unless you advise VISSF in writing that you want to increase (subject to assessment of health evidence required by VISSF's insurer), decrease the amount or cease your insurance cover.

The cost of your insurance cover remains the same as if you had continued as an active member and will continue to be deducted from your Member Account. All insurance cover will cease automatically where there is insufficient funds in your account to pay for the cost of the insurance cover.

Your Income Protection cover may continue if:

- you elect to continue your cover by completing the relevant form within 60 days from the date of the letter issued by VISSF advising that your benefit has been moved to the Retained Benefit Section; and
- the VISSF Insurer agrees to provide cover based on the information provided in the relevant form.

Eligible Rollover Fund

VISSF reserves the right to transfer any Inactive Member with a benefit less than \$200 in the Retained Benefits Section to the appointed Eligible Rollover Fund (**ERF**). A member is deemed to be Inactive where no contributions or transfers have been paid into their account in the previous financial year. Where possible, VISSF will give you 30 days' notice before any such transfer.

VISSF's ERF is:

SuperTrace ERF
Locked Bag 5429
Parramatta NSW 2124

Telephone: 1300 788 750
Facsimile: 1300 700 353

Website: www.supertrace.com.au

The SuperTrace ERF ABN is 73 703 878 235.

If your benefit is transferred to the ERF you will no longer be a member of VISSF and therefore will have no further entitlements in VISSF.

It is important that you note that the ERF will not provide any insured benefits and the level of fees and number and types of investment options may be quite different from VISSF.

The Trustee reserves the right to change the nominated ERF. If this happens, members will be advised of the change.

Binding Death Benefit Nomination

Payment of a death benefit can give rise to complex financial planning issues. We recommend that you seek professional financial advice when considering your Binding Death Benefit Nomination.

You may nominate in writing a Dependant or Dependents and/or legal personal representative to whom you wish your benefit be paid in the event of your death. To be valid, the written nomination must be in a particular form. A Binding Death Benefit Nomination (**Nomination**) form is included with the Application for Membership form that should be enclosed with this PDS. Further forms can be obtained from the VISSF website www.vissf.com.au/forms-you-need

Who you can nominate

You can nominate one or more of your Dependents and/or your legal personal representative of your estate.

A Dependant is one of the following as at the date of your death:

- your spouse, where spouse of a person includes:
 - a) another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under a law of a State or Territory prescribed for the purposes of section 2E of the Acts Interpretation Act 1901 as a kind of relationship prescribed for the purposes of that section; and

- b) another person who, although not legally married to the person, lives with the person on a genuine domestic basis in a relationship as a couple.
- your Child/ren of any age, where a Child in relation to a person includes:
 - a) an adopted child, a stepchild or an ex-nuptial child of the person;
 - b) a child of the person's spouse; and
 - c) someone who is a child of a person within the meaning of the Family Law Act 1975.
- someone with whom you have an interdependency relationship. Legislation provides that two persons have an interdependency relationship if they satisfy all of the following: have a close personal relationship; live together; one or each of them provides the other with financial support; and one or each of them provides the other with domestic and personal care. However, if a close personal relationship exists but the other requirements for interdependency are not satisfied because of a physical, intellectual or psychiatric disability, then there is also an interdependency relationship; or
- any other person who is wholly or partially dependent on you for financial support.

Investment of pending death benefits

In the event of your death, your benefit in VISSF will remain invested in the same manner as it was just prior to your death. It will continue to receive the investment earnings of the relevant option until the day the benefit is paid from VISSF.

Witnessing

For a Nomination to be valid, you must ensure that the instructions on the Nomination form are followed, including the requirement to ensure that two people aged 18 or over who are not named in the Nomination sign and date the form as witnesses to your signature.

What to do if you have no dependants

If you do not have anyone that falls within the definition of Dependant, you can nominate your benefit to be paid to your legal personal representative and make provision for the distribution of the benefit in your Will.

Invalid Nomination

If you do not make a valid Nomination, or if your Nomination lapses, the Trustee will pay the whole of your benefit to the legal personal representative of your estate. If one or more of the persons (other than your legal personal representative) you nominate are not dependants at the time of your death, the Trustee will pay the amount of your benefit that would have been payable to such person or persons to your legal personal representative.

Any payment by the Trustee to a legal personal representative is subject to the provision of a grant of probate or letters of administration. If this is not provided, the benefit will be paid at the discretion of the Trustee.

Confirmation of Nomination

Your Nomination will cease to have effect unless you provide

the Trustee with confirmation every three years. Details of your current nomination and expiry date will be shown on your Benefit Statement each year.

You can revoke your Nomination or lodge a new Nomination at any time.

It is recommended that you keep your Nomination up to date. If your circumstances change, such as upon marriage, divorce or the birth of children, your Nomination form may become out of date. If you would like to change your nomination, please complete a new Nomination form in accordance with the instructions on the form.

4. RISKS OF SUPER

The types of risks which may have an impact on your investment in VISSF include:

- **Credit risk** – the risk that a debt issuer will default on payment of interest and principal.
- **Currency risk** – the risk that overseas investments gain or lose value as a result of a falling or rising Australian dollar which in turn may impact on the value of your investment.
- **Individual asset risk** – the risk attributable to individual assets within a particular asset class. The performance of any particular asset will affect the performance of the class.
- **Inflation risk** – the risk that money may not maintain its purchasing power due to increases in the price of goods and services.
- **Interest rate risk** – changes in official interest rates can directly and indirectly impact on investment returns. An increase in interest rates can have a contradictory effect on the state of the economy and the value of shares.
- **Investment manager risk** – the risk that a particular investment manager will under-perform (this could be for example because their view on markets is wrong or because of their investment 'style' or because they lose key investment personnel).
- **Legislative risk** – the risk that the government will change rules relating to superannuation (for example, rules dealing with tax on benefits or access to benefits).
- **Liquidity risk** – there may be a time when assets may not be readily sold. This may result in you being unable to redeem your investment at your chosen time.
- **Market risk** – the risk of major movements within a particular asset class.
- **Political risk** – current domestic and international political stability can impact on your investment.
- **Termination risk** – the risk that VISSF may be wound up in which case your benefit will typically be transferred to another superannuation fund.
- **Timing risk** – the risk that, at the date of investment, your money is invested at higher market prices than those available soon thereafter. Alternatively, it can also mean the risk that, at the date of redemption, your investments are redeemed at lower market prices than those that were recently available or that would have been available soon thereafter.

5. HOW WE INVEST YOUR MONEY

VISSF offers four investment options, including the VISSF Balanced Option which is an authorised MySuper product. The other investment options are All Growth, Conservative and Cash. You can choose one option or a combination of different options. If you don't make a choice, or your choice is unclear, your super will be invested in the Balanced Option.



When choosing a MySuper product or an investment option in which to invest, you must consider the likely investment return, the risk and your investment time frame.

Details of the All Growth Option

Description of option and type of investors for whom it is intended to be suitable	<p>In the All Growth Option, 100% of your super is invested in growth assets such as shares and property.</p> <p>Generally an investor in this type of option is likely to be looking for higher investment returns over the long term. They have got the time to ride out investment fluctuations – even watching their benefit go through large ups and downs in performance.</p>		
Asset class mix		Benchmark (%)	Allowable range (%)
	Equity - Australia	48	43 – 53
	Equity - International	44	39 – 49
	Property - International	5	2 – 8
	Infrastructure - International	3	1 – 5
	Total Growth Assets	100	100
Investment return objective	<p>The All Growth Option aims to:</p> <ul style="list-style-type: none"> • achieve over rolling seven year periods, a rate of return, after expected tax and fees, in excess of CPI + 3.5%; • achieve over rolling seven year periods, a rate of return in excess of the median of our relevant peers, as measured by a relevant growth fund investment survey; and • maximise the after-tax rate of return above inflation, as measured by CPI, over rolling seven year periods, subject to the following constraints: <ul style="list-style-type: none"> – recognising a greater risk of experiencing a negative return in any one year than the Balanced Option; and – maintaining sufficient liquidity to enable VISSF to meet its commitments. 		
Minimum suggested time frame for holding the investment	7 years		
Standard Risk Measure: Risk Band and Label	<p>Risk Band: 6</p> <p>Risk Label: High</p>		
Estimated number of negative annual returns over any 20 year period	5 to less than 6		

Details of the Balanced Option (Authorised MySuper product)

<p>Description of option and type of investors for whom it is intended to be suitable</p>	<p>In the Balanced Option, approximately 75% of your super is invested in growth assets such as shares and property and approximately 25% in defensive assets such as bonds and cash.</p> <p>Generally an investor in this type of option is likely to be looking for high investment returns over the medium to long term. They have still got the time to ride out investment fluctuations.</p>		
<p>Asset class mix</p>		<p>Benchmark (%)</p>	<p>Allowable range (%)</p>
	Equity - Australia	31	28 – 34
	Equity - International	36	33 – 39
	Property - International	5	2 – 8
	Infrastructure - International	3	1 – 5
	Total Growth Assets	75	72 – 78
	Fixed Income - Australia	9	6 – 12
	Fixed Income - International	7	4 – 10
	Cash - Australia	9	6 – 12
	Total Defensive Assets	25	22 – 28
<p>Investment return objective</p>	<p>The Balanced Option aims to:</p> <ul style="list-style-type: none"> • achieve over rolling five and ten year periods, a rate of return, after expected tax and fees, in excess of CPI + 3.0%; • achieve on a rolling five and ten year basis, a rate of return in excess of the median of our relevant peers, as measured by a relevant growth fund investment survey; and • maximise the after-tax rate of return above inflation, as measured by CPI, over rolling five and ten year periods, subject to the following constraints: <ul style="list-style-type: none"> – recognising a greater risk of experiencing a negative return in any one year than the Conservative Option; and – maintaining sufficient liquidity to enable VISSF to meet its commitments. 		
<p>Minimum suggested time frame for holding the investment</p>	5 years		
<p>Standard Risk Measure: Risk Band and Label</p>	<p>Risk Band: 6 Risk Label: High</p>		
<p>Estimated number of negative annual returns over any 20 year period</p>	4 to less than 5		

Details of the Conservative Option

<p>Description of option and type of investors for whom it is intended to be suitable</p>	<p>In the Conservative Option, 32% of your super is invested in growth assets such as shares and property and 68% in defensive assets such as bonds and cash.</p> <p>Generally an investor in this type of option is likely to be looking for fairly stable investment returns over the medium to long term. They know long term investment returns are likely to be lower than the higher risk options of All Growth and Balanced but they also know there is less chance of reducing the value of their benefit in the short term.</p>																										
<p>Asset class mix</p>	<table border="1"> <thead> <tr> <th></th> <th>Benchmark (%)</th> <th>Allowable range (%)</th> </tr> </thead> <tbody> <tr> <td>Equity - Australia</td> <td>14</td> <td>12 – 16</td> </tr> <tr> <td>Equity - International</td> <td>18</td> <td>16 – 20</td> </tr> <tr> <td>Total Growth Assets</td> <td>32</td> <td>30 – 34</td> </tr> <tr> <td>Fixed Income - Australia</td> <td>23</td> <td>21 – 25</td> </tr> <tr> <td>Fixed Income - International</td> <td>18</td> <td>16 – 20</td> </tr> <tr> <td>Cash - Australia</td> <td>27</td> <td>25 – 29</td> </tr> <tr> <td>Total Defensive Assets</td> <td>68</td> <td>66 – 70</td> </tr> </tbody> </table>				Benchmark (%)	Allowable range (%)	Equity - Australia	14	12 – 16	Equity - International	18	16 – 20	Total Growth Assets	32	30 – 34	Fixed Income - Australia	23	21 – 25	Fixed Income - International	18	16 – 20	Cash - Australia	27	25 – 29	Total Defensive Assets	68	66 – 70
		Benchmark (%)	Allowable range (%)																								
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Fixed Income - International	18	16 – 20																									
Cash - Australia	27	25 – 29																									
Total Defensive Assets	68	66 – 70																									
<p>Investment return objective</p>	<p>The Conservative Option aims to:</p> <ul style="list-style-type: none"> • achieve over rolling three year periods, a rate of return, after expected tax and fees, in excess of CPI + 1.5%; • achieve, on a rolling three year basis, a rate of return in excess of the median of our relevant peers, as measured by a relevant conservative fund investment survey; and • maximise the after tax-rate of return above inflation, as measured by CPI, over rolling three year periods, subject to the following constraints: <ul style="list-style-type: none"> – expecting to earn a positive rate of return over most 12 month periods; and – maintaining sufficient liquidity to enable VISSF to meet its commitments. 																										
<p>Minimum suggested time frame for holding the investment</p>	3 years																										
<p>Standard Risk Measure: Risk Band and Label</p>	<p>Risk Band: 4 Risk Label: Medium</p>																										
<p>Estimated number of negative annual returns over any 20 year period</p>	2 to less than 3																										

Details of the Cash Option

Description of option and type of investors for whom it is intended to be suitable	<p>In the Cash Option, 100% of your super is invested in Australian cash.</p> <p>Generally an investor in this type of option is likely to be looking to protect the capital value of their superannuation and achieve stable returns. They know long term investment returns are likely to be low compared to other options but they are seeking to protect their investment from the chance of any negative returns in the short term.</p>		
Asset class mix		Benchmark (%)	Allowable range (%)
	Cash - Australia	100	100
	Total Defensive Assets	100	100
Investment return objective	<p>The Cash Option aims to provide exposure to a diversified portfolio of investment grade cash and cash equivalent securities, providing a total return, after costs and tax, in line with the Bloomberg AusBond Bank Bill Index over the short term.</p>		
Minimum suggested time frame for holding the investment	Short term		
Standard Risk Measure: Risk Band and Label	<p>Risk Band: 1 Risk Label: Very Low</p>		
Estimated number of negative annual returns over any 20 year period	Less than 0.5		

The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. This is not a complete assessment of all forms of investment risk and it does not take into account the impact of fees and tax on the likelihood of a negative return. Members should ensure they are comfortable with the risks and potential issues associated with their chosen investment strategy.

The intended mix of investments are shown in the tables above, however, the Trustee may adjust the mix within the ranges shown from time to time as investment conditions may change. The most current asset class mix information will be published at www.vissf.com.au/my-investment-options.

How often can I switch or change my investment selections?

You can make an investment switch for your existing account balance or change your investment selection for future cash flows at any time.

What happens if I make an investment switch for my account balance but do not provide a direction for future cash flows?

Your account balance will be invested according to your selection. Any future cash flows will be invested according to the last selection you made, or in the Balanced Option if you did not make a choice, or if your choice is unclear.

What happens if I make a selection for future cash flows but do not provide a direction for my account balance?

No change will be made to the investment mix of your account balance. Future cash flows will be invested according to your selection.

Will my account stay invested in the same proportion as the percentages I chose for my account balance?

No, your account will not remain in the same proportions. The amount in each option will change with the allocation of the investment earnings of that option and any future cash flows that you have directed to a particular investment option. The Trustee will not automatically rebalance your account into the proportions you selected for your account. Your account will only be rebalanced if you request a further investment switch for your account balance.

Where will investment earnings be allocated?

The investment earnings, which can be positive or negative, achieved on the assets held in each of your chosen options will be allocated to that option.

Will my investment options always meet their performance goals?

There are no guarantees that the investment options you have chosen will always meet their stated investment objective. However, the Trustee believes the objectives are realistic and regularly monitors investment performance.

Is there a fee for switching my existing account balance?

The first two switches for your account balance in the VISSF year (1 February to 31 January) are free of charge. A fee of \$30 per switch will be charged for each switch in excess of the two free switches in the VISSF year.

Is there a fee for changing my investment selection for future cash flows?

There is no fee for changing your investment selection for future cash flows.

How are expenses and any taxes deducted from my investment selections?

The administration fee, insurance premiums, switching fees, exit fees, any tax and any other expenses that may be deducted from your account are generally deducted at the end of each month and allocated based on your selected investments.

How earnings are applied to your Member Account

The earnings, which may be positive or negative, relating to your investment choice are applied to your Member Account. Crediting rates (which are the investment earnings of each investment option less an adjustment for investment fees, VISSF expenses and reserves) are applied each time your Member Account is updated.

Your Member Account is updated:

- at 31 January each year;
- when part or all your benefit is paid from VISSF; or
- when all or part of your benefit is transferred to the Pension Section.

Crediting rates are applied to:

- your opening account balance at the start of the year;
- contributions received;
- transfers or rollovers received; and
- adjustments for any amounts, such as surcharge assessments paid to the ATO, Family Law Splits, administration fee, insurance premiums and taxes, that are deducted from your account.

Crediting rates are generally reviewed weekly and reflect the estimated investment earnings for the period for which they apply less any adjustment for estimated expenses.

Investment Options

Professional advice

Each of the issues outlined in this guide can play a part in the decision you make. The information provided is only a guide and is illustrative only. It is not investment or personal financial product advice and does not take into account your individual circumstances, needs or preferences. The reference to 'you' is a general reference only to a typical investor.

You should seek professional financial advice when making important financial decisions. Time frames referred to are illustrative only. Regardless of the time frame, people may still choose any mix of the four options depending on their own circumstances, priorities and feelings about investing.

It must be remembered that there are no guarantees of the performance of any of the options.

Investment management

VISSF's assets are invested in the Russell Pooled Superannuation Trust (**PST**) managed by Russell Investment Management Ltd. Within the PST the assets are invested in sector specialist funds (for example, Australian and International Shares, International Property, International Infrastructure, Emerging Markets, Australian and International Bonds and Cash) which are used to form the four investment options available to members. These funds are known as 'multi-manager' funds, comprising a number of different independent investment managers. Russell Investment Management Ltd may appoint or discharge an investment manager at any time.

You may request a list of the managers used by Russell Investment Management Ltd by contacting VISSF.

How Superannuation is Invested

Superannuation money within VISSF is pooled together and invested in a diversified range of investments such as Australian and international shares, property, fixed interest investments such as bonds, and short term cash investments. These are all known as asset classes. Combining different asset classes in different proportions gives VISSF its four investment options, namely All Growth, Balanced, Conservative and Cash.

Different types of asset classes are expected to perform differently. Some asset classes are expected to achieve stronger performance over the long term but with more fluctuations over shorter periods. Other types of investments would be expected to achieve lower performance over the long term, with fewer fluctuations from year to year.

The difference between growth and income investments

There are two main types of investments – growth investments and income investments (also sometimes referred to as defensive investments).

Growth investments include shares and property and are generally regarded as being 'higher risk' investments (that is, more fluctuations in performance). Historically growth investments have produced higher long term returns.

Income or defensive investments include fixed interest and cash. They tend to be 'lower risk' investments which, historically, have produced more consistent but generally lower long term returns.

The key growth investments underlying the VISSF options are:

Australian shares

Buying shares is actually buying a portion, or share in, a particular company. Australian shares are shares in a company that is publicly listed on the Australian Stock Exchange. The performance of the shares is generally influenced by factors such as the performance of the companies in which the shares are held, and the economic factors both within Australia and around the world.

Australian Opportunities (Australian shares)

This fund invests predominantly in shares or unit trusts listed, or about to be listed, on the Australian Stock Exchange. It aims to provide exposure to a diversified portfolio of Australian shares and to provide consistent, above average returns, with a higher level of risk than Australian shares. This fund employs a mixture of boutique managers adopting benchmark insensitive and small capitalisation investment strategies along with holding concentrated portfolios of shares.

International shares

This fund invests in shares in international publicly listed companies. Australian companies make up a very small proportion of the world's listed shares, therefore, investing in international companies has the potential to diversify investment opportunities. The performance of overseas shares is also influenced by factors such as the world economy and the relative value of the Australian dollar to overseas currencies. Currency exposures may be hedged back to the Australian dollar to reduce the impact of changes in the value of the Australian dollar relative to other foreign currencies.

Global Opportunities (International shares)

This fund invests predominantly in a broad range of international shares listed on stock exchanges in developed and emerging international markets. It aims to provide exposure to a diversified portfolio of international shares and to provide consistent, above average returns, with a higher level of risk and lower benchmark sensitivity than international shares. Currency exposures may be hedged back to the Australian dollar to reduce the impact of changes in the value of the Australian dollar relative to other foreign currencies.

Emerging Markets

This fund is exposed to a broad range of shares listed on stock exchanges in emerging markets and may be exposed to selected countries which are considered 'frontier' or 'pre-emerging' and to securities listed on developed markets' stock exchanges where the underlying company derives a material proportion of its revenue from the emerging markets.

International Property

Superannuation funds frequently invest in properties used for commercial, retail and industrial purposes, such as office buildings and shopping centres, however funds can also include investments in hotels and residential accommodation. Investments by this fund are made in many different countries around the world (including Australia) through investment in securities listed on individual countries' stock exchanges. The return on investment in property can be influenced by the world economy and other factors such as the relative supply and demand for property in each local country. These factors can impact on the capital growth and rental returns.

Infrastructure

This fund has a broad and global exposure to listed infrastructure securities in developed and emerging markets, as well as unlisted securities on a limited basis. All investments are largely hedged into Australian dollars. The underlying industries of the securities may include transportation, energy, water, social and communications.

The key income investments underlying the VISSF options are:

Australian Bonds

These investments include Australian government securities, semi-government and corporate securities. Due to the limited investment scope of the local Australian market it may also include investments in non-Australian governments, supranational, agency and corporate bonds, as well as mortgage and asset backed securities.

Inflation Linked Bonds

These investments are predominantly in government, semi-government and corporate inflation linked bonds issued in Australia. In addition, cash securities may be held for liquidity and to facilitate interest rate management strategies.

International Bonds

These investments are typically in foreign government, supranational, semi-government, agency and corporate bonds as well as mortgage and asset backed securities.

Cash

These investments may be directly or indirectly exposed to assets such as bank deposits and/or money market instruments (including, but not limited to bank bills and negotiable certificates of deposit).

Enhanced Cash

These investments are typically in cash and cash equivalent securities such as bank deposits, money market instruments (including but not limited to bank bills and negotiable certificates of deposit), corporate floating rate notes and asset backed and mortgage backed securities. Derivatives and fixed rate corporate debt may also be used. The fund may also have exposure to non-Australian dollar denominated cash and cash equivalent securities.

Any foreign currency exposures will be largely hedged back to Australian dollars using forward foreign exchange contracts.

Consider risk versus return

Historical reporting of investment returns has shown that different types of investments have performed differently over time. For instance, investments with higher proportions of growth assets have historically produced higher long term returns. But growth assets also expose investors to higher levels of investment risk which could result in the loss of value over the short term.

Think about your time horizon

When considering the trade-off between risk and return, a key point to consider is your investment time horizon. You need to consider how long your account is going to be invested for.

Labour standards and environmental, social and ethical considerations

The Trustee does not take labour standards or environmental, social or ethical considerations into account in the selection, retention or realisation of VISSF's assets.

Derivatives

The Trustee does not undertake day-to-day management of derivative instruments, however, VISSF may be exposed to derivative instruments through its investment in underlying managed funds. The main objective of holding derivatives is to more efficiently manage the assets held in those underlying managed funds.

Reserves

The Trustee maintains the following reserves in VISSF that are funded by deducting amounts from the investment earnings.

Benefits and Expense Reserve - This is invested in the Balanced Option and is used to meet unexpected expenses and timing differences between transactions. This reserve may also supplement the Minimum Benefits Reserve and Operational Risk Reserve if necessary.

Minimum Benefits Reserve - This is invested in the Balanced Option and is mainly funded through the reduction in earnings attributable to members subject to a minimum benefit in VISSF. The reserve is used to meet any supplementary amounts needed to fund any minimum benefit requirements that are in excess of the member's account balance.

Operational Risk Reserve - This is invested in the Balanced Option and is required by superannuation legislation. This reserve was funded by transfers from the Benefits and Expense Reserve and is maintained to cover any losses arising from certain operational risks.

6. FEES AND COSTS

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

The above consumer advisory warning is required by law, however, the Trustee does not negotiate lower fees to employers, members or other persons.

This guide shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of VISSF as a whole. Other fees, such as activity fees, advice fees for personal advice and insurance fees, may also be charged, but these will depend on the nature

of the activity, advice or insurance chosen by you.

Taxes, insurance fees and other costs relating to insurance are set out in section 7 of this Member Guide and in the Insurance Guide.

You should read all the information about fees and other costs because it is important to understand the impact on your investment. This information can be used to compare costs between different superannuation products.

Type of fee	Amount	How and when paid
Investment fee: All Growth Option Balanced Option Conservative Option Cash Option	0.69% per annum 0.60% per annum 0.40% per annum 0.18% per annum	Deducted from the investment earnings before they are allocated to your account.
Administration fee	\$52 per annum per member	Deducted from your account at the end of each month.
Buy/sell spread	Nil	See Additional explanation of fees and costs
Switching fee	\$0 for the first two switches in any VISSF financial year (1 February to 31 January), then \$30 per switch thereafter.	Deducted from your account balance when each investment switch is made.
Exit fee	\$65	Deducted from your account balance when each withdrawal is paid.
Advice fees relating to all members investing in a particular MySuper product or investment option	Up to \$4000 per annum (excluding any Goods and Services Tax)	At the request and with the consent of a member, the Trustee allows for a payment for personal super advice to be deducted from the member's account balance to a licenced financial adviser that has been approved by the Trustee.
Other fees and costs	Refer to the Additional explanation of fees and costs	Either deducted from your account balance or from the investment earnings before they are allocated to your account.
Indirect cost ratio	0.22% to 0.38% per annum	Deducted from the investment earnings before they are allocated to your account. This amount is an estimate based on the available information for the most recent financial year ended and varies for each investment option.

Example of annual fees and costs for the VISSF investment options

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

Example – VISSF investment options		Balance of \$50,000
Investment fees		For every \$50,000 you have in each VISSF investment option, you will be charged:
All Growth Option	0.69% per annum	\$345
Balanced Option	0.60% per annum	\$300
Conservative Option	0.40% per annum	\$200
Cash Option	0.18% per annum	\$90
PLUS Administration fees	\$52	And , you will be charged \$52 in administration fees regardless of your balance or how many investment options you have.
PLUS Indirect costs		And , indirect costs of the following amounts each year will be deducted from your investment.
All Growth Option	0.38% per annum	\$190
Balanced Option	0.35% per annum	\$175
Conservative Option	0.30% per annum	\$150
Cash Option	0.22% per annum	\$110
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of: \$587 for the VISSF All Growth Option \$527 for the VISSF Balanced Option \$402 for the VISSF Conservative Option \$252 for the VISSF Cash Option

Additional fees may apply. **And** if you leave VISSF early, you may also be charged **Exit fees** of \$65, when each withdrawal is paid.

Additional explanation of fees and costs

Performance fees may be charged by underlying managers of each investment option based on whether they achieve or exceed specific benchmarks, which may also consider any past underperformance. Performance fees may be charged by the underlying managers of a specific investment option.

The actual performance fees paid for the 12 months ended 30 June 2018 are included in the Investment fee disclosed and were:

Portfolio	Performance fee (%) [#]
All Growth	0.05%
Balanced	0.03%
Conservative	0.01%
Cash	0.00%

Buy/sell spreads are not charged to members as VISSF is not a unitised product. However, the Trustee may incur buy/sell spreads from underlying managers of each investment option, which will then be included when calculating the net investment return on that investment option. An estimate of these are included as part of the Indirect Cost Ratio.

Tax benefit

Generally, you will receive the tax benefit of any allowable deductions that the Trustee is able to claim on the VISSF income tax return, such as administration fees and insurance fees. The fees disclosed in the fee template include any Goods and Services Tax after allowance of any reduced input tax credit that the Trustee is entitled to, unless stated otherwise.

Increases in fees and costs

The Trustee has the right to change the amount of fees without a member's consent, however, they are required to provide members with at least 30 days notice of any new or increased fee.



Additional fees may be paid to a financial adviser if a financial adviser is consulted. Refer to the Statement of Advice issued by the financial adviser, in which details of the fees are set out.

VISSF does not accept any commissions from any of its service providers.

Defined Fees

The following are definitions of the fees described in the fee table in section 6 of the PDS.

Activity Fees are fees incurred by the Trustee that are directly related to an activity of the Trustee that:

- (i) is engaged in at the request or with the consent of the member, or
- (ii) relates to a member and is required by law;

and those costs are not otherwise charged as an administration fee, investment fee, buy/sell spread, switching fee, exit fee, advice fee or insurance fee.

Administration Fees are fees that relate to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation other than borrowing costs; indirect costs that are not paid out of the superannuation entity that the Trustee has elected in writing will be treated as indirect costs and not fees, incurred by the Trustee of the entity or in an interposed vehicle or derivative financial product; and costs that are otherwise charged as an investment fee, a buy/sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Advice Fees are fees that relate directly to the costs incurred by the Trustee of the superannuation entity because of the provision of financial product advice to a member by the Trustee or another person acting as an employee of or under an arrangement with the Trustee, and where these costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

Buy/sell Spreads are fees to recover transaction costs incurred by the Trustee in relation to the sale and purchase of assets of the entity.

Exit Fees are fees to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Indirect Cost Ratio (ICR) is the ratio of the total of the indirect costs for the investment option to the total average net assets of that investment option.

Insurance Fees are fees that relate to the insurance premiums paid by the Trustee in relation to a member or the costs incurred by the Trustee in relation to the provision of insurance for a member. They do not relate to any costs incurred that are based on the performance of an investment. The premiums or costs are not otherwise charged as an administration fee, investment fee, switching fee, exit fee, activity fee or advice fee.

Investment Fees are fees that relate to the investment of the assets of a superannuation entity and includes fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees) and costs that relate to the investment of assets of the entity, other than borrowing costs; indirect costs that are not paid out of the superannuation entity that the Trustee has elected in writing will be treated as indirect costs and not fees, incurred by the Trustee of the entity or in an interposed vehicle or derivative financial product; and costs that are otherwise charged as an administration fee, a buy/sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Switching Fees are fees to recover the costs of switching all or part of a members' interest in the superannuation entity from one investment option or product (or in the case of a MySuper product, from one class of beneficial interest) in the entity to another.

7. HOW SUPER IS TAXED

Taxation rules relating to superannuation are complex and may change from time to time. The Trustee recommends that you seek professional advice in relation to taxation and superannuation. Up-to-date details can also be obtained from the Australian Taxation Office at www.ato.gov.au/super.

Tax on payments from your superannuation

You may have to pay tax when you withdraw money from VISSF. The amount of tax will depend on your circumstances, including your age, how long you have been in a superannuation fund and how your superannuation benefit is paid.

No tax is generally payable by you if you elect to rollover your benefit to another superannuation fund, an approved deposit fund, retirement savings account or other approved superannuation institution. Payment of tax by you is generally deferred until such time as the benefit is paid to you in cash.

Taxation of death benefits

Generally, a death benefit will be tax free where it is received by a person who is a 'tax dependant'. This may be different to a 'Dependant' for superannuation purposes. For example, a 'tax dependant' will exclude a child over 18 years of age unless they are also a 'financial dependant'.

Death benefits paid to non-tax dependants will be taxed at 15%-30%, plus Medicare levy. Where your benefits are paid to your legal personal representative, your legal personal representative will need to determine the amount of tax to withhold (if any) depending upon whether your benefit (or part thereof) is payable to a tax dependant or non-tax dependant.

You should read the important information about how super is taxed before making a decision. Go to the Australian Taxation Office information at www.ato.gov.au/super. The material relating to how super is taxed may change between the time you read this statement and the day when you acquire the product.

Taxable Component - taxed element	Age at date of lump sum benefit		
	Under preservation age	At or above preservation age and under 60 years	Age 60 and over
2018/19	20% tax plus Medicare levy	Up to \$205,000 is tax free, with the balance at 15% tax plus Medicare levy	Tax free

Notes:

- The Medicare and any other applicable levies will be added to whichever rate applies, but not where the benefit is tax free.
- The taxation may differ for temporary residents permanently departing Australia.

8. OTHER IMPORTANT INFORMATION

Privacy collection statement

The Trustee collects personal information from you on the Application for Membership form enclosed with the PDS and may collect additional personal information from you by other means in the future. If you have any questions about the personal information that is being collected, please contact us at:

The Victorian Independent Schools Superannuation Fund
GPO Box 4974
Melbourne VIC 3001

Telephone: **1300 660 027**
Email: super@vissf.com.au
Website: **www.vissf.com.au**

By writing to VISSF at the address described above, you can request access to your personal information held by the Trustee. The Trustee will deal with your request in accordance with the Australian Privacy Principles. Further details of VISSF's access arrangements are set out in VISSF's Privacy Policy that is available at **www.vissf.com.au/privacy-policy**, or by contacting us.

You are also encouraged to update your personal information at any time by contacting VISSF at the above address.

Proof of Identity

As a result of government reforms designed to counteract money laundering and terrorism financing, you will be required to provide proof of identity, or meet other requirements as determined by the Trustee from time to time, prior to all or part of your benefit being paid from VISSF (called "customer identification" requirements). You will be notified of any requirements when applicable. These reforms also require the Trustee to report suspicious transactions to AUSTRAC (a government agency responsible for anti-money laundering and counter terrorism financing). This may involve the disclosure of a member's personal information by the Trustee to AUSTRAC.

Enquiries and Complaints

If you have an enquiry, please contact our Client Services Team. If your enquiry is not resolved, then you may register a formal complaint in writing by email or post, which will be directed to the Fund Secretary. VISSF contact details are shown on page 2 of this Member Guide.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services complaint resolution that is free to consumers. There are no monetary limits for superannuation complaints considered by AFCA and specific time limits apply to some superannuation complaints, such as death and disability benefits.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Telephone: **1800 931 678**
Email: info@afca.org.au
Website: **www.afca.org.au**

Lost Members

It is important to let VISSF know if you change address, so we can keep in touch about your super.

If a member becomes 'lost', details of the member will be reported by VISSF to the Australian Taxation Office (ATO). The ATO keeps a register of all lost members and you are able to contact the ATO to establish whether a benefit is being held for them in a superannuation fund as a lost member.

Unclaimed Super Money

Generally, a lost member account will be transferred to the ATO where the amount does not relate to a defined benefit interest and the:

- balance of the lost member account is less than \$6,000; or
- lost member account has been inactive for a period of 12 months and the Trustee is satisfied that it will never be possible to pay an amount to the member.

Other types of unclaimed super include:

- members aged 65 or older where the Trustee has not received an amount for the member within the past two years, and after a period of five years the Trustee has been unable to contact the member after making reasonable efforts;
- amounts payable to non-member spouses where a payment split applies, the non-member spouse is entitled to be paid an amount, and after making reasonable efforts, the Trustee is unable to ensure that the non-member spouse or their legal personal representative would receive the amount;
- amounts payable for a deceased member where a death benefit is payable, the Trustee has not received an amount for the member within the past two years, and after making reasonable efforts and after a reasonable period has passed, the Trustee is unable to ensure the benefit is received by the person who is entitled to receive the benefit;
- where the ATO issues the Trustee with a notice relating to a former temporary resident.

VISSF reports and pays unclaimed super money amounts to the ATO every six months.

Loans

The legislation governing superannuation funds prevents trustees from lending money to members. It also prevents you from using your superannuation entitlement as security for obtaining a loan.

In addition, no benefit payable from VISSF can be assigned by a member to another party.

Family Law

The Trustee is required to provide information about a member's superannuation benefit to your spouse for the purposes of the Family Law Act.

In the event of marriage breakdown, your spouse may become entitled to a portion of your benefit.

VISSF currently does not charge a fee when providing information or adjusting benefits for the purposes of the Family Law Act, however charges may be imposed at some time in the future. If changes are introduced, we will give you at least 30 days' notice in writing.

Other Trust Deed Provisions

VISSF is governed by a Trust Deed and some of the important provisions in the Trust Deed are set out elsewhere in this guide or the PDS. Other important provisions include:

- the Trustee must wind up VISSF if two-thirds of the participating employer schools so direct;
- the Trustee, its directors and responsible officers are indemnified out of VISSF in respect of their activities in relation to VISSF, except generally where they fail to act honestly, or intentionally or recklessly fail to exercise the required level of care and diligence or where superannuation legislation prohibits or limits the indemnity; and
- if permitted by superannuation legislation, the Trustee has power to transfer your benefit to another complying superannuation fund without your consent. Superannuation legislation currently permits this to occur in very limited circumstances that aim to protect your rights.



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