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Cruelty Free Superannuation Fund
(trading as)

Cruelty Free Super

Additional Information Booklet

1 May 2018

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The information in this Additional Information Booklet forms part of the Product Disclosure Statement (PDS) for the Cruelty Free Superannuation Fund dated 1 May 2018. It should be read in conjunction with the Insurance Guide which forms part of the PDS.

You should consider the information in the PDS, the Additional Information Booklet and the Insurance Guide before making a decision about this product. The information contained in this Additional Information Booklet is general information only and does not take into account your personal objectives, financial situation and/or needs. Before you make any decision it is recommended you obtain professional financial advice tailored to your personal circumstances, from your financial adviser.

Information in this PDS (including incorporated information) is subject to change from time to time and may (in the case of information that is not

materially adverse) be updated via the website. To find out about updated information go to the website www.crueltyfreesuper.com.au. Alternatively, you can request a copy of the updated information free of charge from the website www.crueltyfreesuper.com.au or by contacting Cruelty Free Super on 1300 022 762 or hello@crueltyfreesuper.com.au.

Issued by Diversa Trustees Limited (ABN 49 006 421 638, AFSL 235153, RSE Licence L0000635), as trustee of the Grosvenor Pirie Master Superannuation Fund - Series 2, ABN 32 367 272 075 (Fund). Cruelty Free Super is a sub plan of the Fund.

Future Super Asset Management Ltd (Future Investment Services) (ABN 81 002 558 956 AFSL 238184) is the Promoter and the Investment Manager for Cruelty Free Super.

In this document, 'we' means Diversa Trustees Limited ABN 49 006 421 638 ('the Trustee').



Section 1: How super works

Contributions

Providing you meet the eligibility conditions under superannuation legislation, the following types of contributions or other amounts can be made to a superannuation (accumulation) account:

- Your own contributions
- Contributions from your employer
- Contributions from your spouse (referred to as Spouse contributions), and
- Rollovers or transfers from other acceptable superannuation products.

A more detailed summary of the types of contributions or amounts that can be paid into superannuation and eligibility conditions (contribution rules) in superannuation legislation is outlined below.

Superannuation Guarantee Contributions

Most Australian employers are required by Government legislation to make superannuation contributions for their employees—called Superannuation Guarantee (SG) contributions. SG contributions are presently 9.5% of a person’s ordinary time earnings (subject to a maximum dollar limit).

SG contributions are required to be paid by an employer to a superannuation fund at least quarterly. SG contributions are concessional contributions and are subject to concessional contribution limits (refer to section 6 “How super is taxed” of this document for information about these limits). For further general information about SG contributions go to www.ato.gov.au

Other types of contributions

Employers can make additional contributions including under salary sacrifice arrangements. Salary sacrifice arrangements involve an employee deciding (if their employer allows) to



contribute to superannuation from their before-tax salary, (that is, reducing their take home pay). This is a voluntary arrangement between employer and employee.

Additional employer contributions including salary-sacrifice contributions are also concessional contributions. Additional employer contributions (in particular, salary sacrifice contributions) may be regarded as Reportable Employer Superannuation contributions. Reportable Employer Superannuation contributions are contributions over which the member has some influence and count as income when assessing a person's eligibility for a number of Government benefits, including welfare benefits. For more information about Reportable Employer Superannuation contributions, go to www.ato.gov.au

Members can make personal contributions or have contributions made on their behalf by their spouse (called Spouse contributions). Personal contributions and Spouse contributions made from after-tax salary are non-concessional contributions and are subject to non-concessional contribution limits (refer to section 6 "How super is taxed" of this document for more information about these limits). For further general information about the types of contributions that can be made to superannuation go to www.moneysmart.gov.au or www.ato.gov.au

Since 1 July 2017, the government allows all individuals under the age of 65, and those aged 65 to 74 who meet the work test, to claim a tax deduction for personal contributions to eligible superannuation funds up to the concessional contributions cap.

Other amounts that can be paid into superannuation

There are other amounts that may be paid into a superannuation fund such as certain disablement amounts on settlement of a disability claim (outside of superannuation), proceeds from the sale of a small business and superannuation sourced from a foreign superannuation fund. Special rules apply to these amounts. If you are going to receive any of these amounts or are considering payment of them into superannuation, we recommend you obtain appropriately qualified advice. Go to www.ato.gov.au for more information.

Rollovers/transfers into this product

You may at any time rollover or transfer investments in other superannuation funds to your account. In order to do this, you are required to complete the Rollover Form and return it for



processing. If you have benefits in a number of funds, a separate form must be completed for each fund. The form is available from www.crueltyfreesuper.com.au or on request by contacting Cruelty Free Super on 1300 022 762. Before closing any other superannuation account that you may have, you should consider what costs you may incur, what benefits you may lose or any other significant implications of closing your account. For advice that takes into account your financial situation, needs or objectives we recommend you contact an appropriately qualified financial adviser.

Contribution rules and the work test

For persons **under 65 years** of age, any type of contribution can be accepted. A connection with work is not required.

For members **aged 65 to 69**, contributions can only be accepted for or on behalf of a member if the member is gainfully employed on at least a part time basis during the financial year in which the contributions are made (referred to as the Work Test). A person is gainfully employed on a part time basis during a financial year if the person has worked at least 40 hours in a period of not more than 30 consecutive days in that financial year. Mandated employer contributions (for example, SG contributions) can also be accepted.

For members **aged 70 and under 75**, contributions can only be accepted from a member if the member satisfies the Work Test. Mandated employer contributions can also be accepted. Spouse contributions cannot be made for a member aged 70 or over.

For members who are **75 and over**, only mandated employer contributions (for example, contributions made in accordance with superannuation guarantee requirements, an award or other industrial arrangements) can be accepted.

Superannuation funds cannot accept a single non-concessional contribution in excess of a member's non-concessional contributions cap or member contributions for a member whose tax file number (TFN) is not held by the fund. Contributions made to a fund in contravention of the contribution rules must be rejected or refunded. A refund may be adjusted for any permissible investment fluctuations, reasonable costs and insurance premiums for cover provided prior to the refund. For more information about non-concessional contributions, see section 6 "How super is taxed" of this document.



Please Note. The Fund will not accept (or will refund within 30 days) any concessional contributions received for a member where a TFN is not held for that member. This decision has been made to avoid additional tax (No-TFN tax) that we would have to pay (by deduction from affected member accounts) on concessional contributions where a TFN is not held.

Making contributions

Contributions can only be made for a member who has completed an **Application Form**. If we receive a contribution for a person that has not completed an Individual Application Form, monies will be returned.

Contributions can be made by:

- Direct transfers from your employer's payroll system (if your employer permits)
- Direct deposit into the Cruelty Free Super's bank account.

Contributions can be made at any time and there is no minimum contribution required. Contributions can be paid weekly, monthly, quarterly or annually.

Please confirm the amount of contribution and the member(s) that the contribution is for by sending a message to Cruelty Free Super on hello@crueltyfreesuper.com.au

Government Co-contributions

Co-contributions are payments made by the government to the superannuation accounts of eligible low and middle-income earners. To qualify for the Government Co-contribution, the contributing member must have an "assessable income" plus "reportable fringe benefits" and "reportable employer superannuation contributions" (eligible income) below a specified income threshold and make personal contributions out of their after tax income (this does **not** include salary sacrifice, SG or spouse contributions). You must also have a [Total Superannuation Balance](#) less than the transfer balance cap on 30 June of the year before the relevant financial year and you cannot have contributed an amount more than your [non-concessional contributions cap](#) for the relevant financial year.

You are not entitled to a super co-contribution for any personal contributions you have made that have been allowed as a tax deduction



The Government Co-contribution scheme extends to the self-employed, provided they satisfy eligibility criteria for the co-contribution. To be eligible, a self-employed person must be under age 71 at the end of the income year and:

- Earn 10% or more of their eligible income for that year from running a business, eligible employment, or a combination of both—note that for this definition, income is not reduced by deductions that result from running a business; and
- Earn below the income threshold applicable in the income year—this includes assessable income plus reportable fringe benefits plus reportable employer superannuation contributions less tax deductions for running a business (not including employee deductions).

The amount of the co-contribution and the co-contribution income thresholds are subject to change. For the amount of co-contributions and income thresholds applicable from year to year, full eligibility criteria and other information about the government co-contribution, go to www.ato.gov.au

Contribution splitting

Concessional contributions such as SG contributions, salary sacrifice contributions and personal deductible contributions can be split with your eligible spouse (including a defacto spouse of the same or opposite sex). It is not possible to split non-concessional contributions. Not all superannuation funds offer contributions splitting, but we do. To split contributions, you must complete a Contributions Splitting application which is available on request by phoning 1300 022 762.

Only 85% of concessional contributions made to a fund may be split because 15% of these contributions are ordinarily deducted for tax when received. We may make whatever adjustments we consider appropriate to the splittable amount for any tax liabilities. Splittable concessional contributions are also subject to a maximum of your concessional contributions limit.

There are certain amounts that may be held in a superannuation account that may not be split, such as benefits subject to a family law payment split or payment flag, rollovers from other funds or employer termination payments.



Generally, only contributions made in the financial year **prior** to the financial year when the contributions splitting application is lodged with a fund can be split. You can also apply to split contributions made in the financial year in which you transfer or rollover to another fund (provided the application is made before the transfer or rollover occurs).

How does contributions splitting work?

We keep records of the amount of contributions which you are eligible to split with your spouse for a given financial year. Should you wish to make a contributions split, we will provide details of those contributions when you request a **Contributions splitting form**.

Your spouse must be either:

- aged less than their preservation age
- between their preservation age and 65 and not permanently retired.

If an application is accepted, the contributions will be split by being paid to the superannuation account of your spouse within 90 days of receiving the application.

Restrictions on when you may access your benefits

Superannuation is a long-term investment. The Government has placed restrictions on when you can access your benefits. In general your benefits are preserved and cannot be paid to you until you have reached age 65, or have reached your preservation age and have retired, or you have satisfied some other condition of release. Your investment (also referred to as your “benefit”) is the contributions and rollovers that have been made, plus insurance proceeds (if any) plus or minus investment earnings or losses, less any fees and costs, insurance premiums, government taxes and withdrawals.

From 1 July 1999, all contributions made by or for a member and all investment earnings are preserved.

Preservation age

If you were born before 1st July 1960, the preservation age is 55 years and increases by one year in accordance with the table below. The maximum age for preservation of benefits is 60.



Date of Birth	Benefits preserved until you reach the age of
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
1 July 1964 and after	60

Until your preservation age is reached, in most circumstances, you are unable to withdraw super even if you cease to be in the employment of your employer.

The circumstances in which your benefit may be released to you if you are an Australian citizen, New Zealand citizen or permanent resident include:

- you permanently retire from the workforce at or after your preservation age
- your employment terminates at or after age 60
- you are permanently incapacitated
- you die
- you suffer a terminal medical condition (as defined in superannuation legislation)
- you attain age 65
- you experience severe financial hardship
- compassionate grounds (if approved by the relevant government body)
- the amount in your account is less than \$200
- any other circumstances allowed by law, for example, on presentation of an Australian Taxation Office (ATO) Release Authority.

If you are a temporary resident, the circumstances in which your benefit may be released to you are more limited (eg. death, permanent incapacity). You may also access your benefit if your visa has expired and you have departed Australia. For more information, contact Cruelty Free Super on 1300 022 762.



Portability

While accessing your benefit in cash is subject to restrictions, your benefit may be transferred to another superannuation product that complies with relevant superannuation law if your employment changes or at any other time. Under portability arrangements members can rollover or transfer superannuation accounts into a fund of their choice. Portability rules mean members can transfer part or all of the account balance of their benefit to another superannuation fund at least once every 12 months. The portability rules allow us to refuse a portability request in some circumstances; for example, an amount of less than \$5,000 is left in the account. The maximum time period for processing transfer requests is 30 days from the date of the initial request and when all relevant information has been received.

If you request to transfer your superannuation account to another fund, we must be satisfied that you have received or know that you can request all the information you reasonably need to understand the impact of your request on your benefits. For example, any insurance cover will cease if you leave Cruelty Free Super. If you require any further information prior to making a portability request, contact us on 1300 022 762 or by sending a written request to GPO Box 263, Sydney NSW 2001 or email hello@crueltyfreesuper.com.au.

Benefit payment requirements—general

When any benefit is paid from your accumulation account, it must comprise both tax-free and taxable components, in the same proportions as your total accumulation interest.

As a result of Government anti-money laundering and counter-terrorism financing legislation (AML/CTF legislation), you may be required to provide proof of your identity prior to being able to access your benefits in cash, called “customer identification and verification” requirements.

These requirements may also be applied by us from time to time in relation to the administration of your superannuation benefits as required or considered appropriate under the AML/CTF legislation. You will be notified of any requirements when applicable. If you do not comply there may be consequences, for example, a delay in the payment of your benefits.



Benefit payment requirements—on death

Generally, benefits must be paid to one or more of your dependants or your legal personal representative. Your dependants include your spouse (including a qualifying defacto spouse of the same or opposite sex), child (including a child of your spouse), a person financially dependent on you, or someone with whom you have an “interdependency relationship”.

Dependants / Interdependency:

The superannuation and tax law definitions of dependant include any person with whom the member has an “interdependency relationship”. Two people have an interdependency relationship if:

- they have a close personal relationship
- they live together
- one or each of them provides the other with financial support
- one or each of them provides the other with domestic support and personal care.

In determining whether there is an interdependency relationship various additional factors particularly around the circumstances of the relationship are also taken into account. In addition, if a close personal relationship exists but the other requirements above are not satisfied because of a physical, intellectual or psychiatric disability (e.g. one person lives in a psychiatric institution suffering from a psychiatric disability), then an interdependency relationship may still exist.

Beneficiaries of superannuation benefits may be required to provide proof of identity prior to being able to receive any benefits as part of “customer identification and verification” requirements as a result of Government anti-money laundering and counter-terrorism financing legislation (AML/CTF legislation). If they do not comply there may be consequences, for example, a delay in the payment of benefits.



Death benefit nominations

You can choose to nominate a beneficiary for payment of a lump sum death benefit, either on a **non-binding basis** or on a non-lapsing **binding basis**.

Non-Binding Nominations

A non-binding death benefit nomination is a written request made by the member that suggest to the Trustee the beneficiaries that may receive his/her benefit in the event of the member's death . The Trustee has the final say as to who should get death benefits. The Trustee will consider the member's nomination but is not bound to follow it. The Trustee has the discretion to pay to any of the member's dependants or legal personal representative (s) or a combination of both.

You can nominate a beneficiary for payment of a lump sum death benefit, on a non-binding basis, by completing a "Nomination of Beneficiaries form" available from www.crueltyfreesuper.com.au or on request by contacting us on 1300 022 762. Alternatively, send a written request to: GPO Box 263, Sydney NSW 2001.

Non-Binding nominated beneficiaries may be changed at any time by written notice.

Non-lapsing Binding Nominations

A binding death benefit nomination is a written direction to the Trustee that sets out the dependants and/or legal personal representative, as decided by a member, to receive his/her benefit in the event of the member's death.

When you make a valid binding nomination, you decide who receives your benefit when you die, and how much of the benefit they receive.

Non-lapsing binding nominations do not have an expiry date and will remain valid until you either revoke your nomination or update your nomination.

To ensure you make a valid binding nomination:

- each death benefit nominee must be either your dependant or your legal personal representative (as defined in Superannuation Law)



- you must ensure that the proportion of the benefit that will be paid to your nominated person or each of those nominated persons is certain and ascertainable. If it is not clear what percentage is to be paid to whom and/or the percentages do not add up to 100%, your nomination will be invalid
- your nomination must be in writing
- you must sign and date your nomination in the presence of two witnesses, being persons:
 - each who has turned 18 years old; and
 - neither of whom is mentioned in the nomination; and
- your nomination must contain a declaration signed and dated by the witnesses stating that the nomination was signed by you in their presence.

If a binding death benefit nomination is valid and in effect at the date of the member's death, the Trustee must pay your benefit to the beneficiaries nominated in the proportions set out in the member's binding death benefit nomination. However the Trustee is not required to comply with a death benefit nomination if the Trustee is aware that the payment under the nomination, or the lodgement of failure to revoke the nomination would be a breach of a Court Order. In the event that your nomination is not valid at the time of your death, e.g. because your nomination was not a dependant at the time of your death, the Trustee will pay the benefit in its absolute discretion.

We recommend that you periodically review your nomination as it is your responsibility to ensure that your Binding Nomination continues to be appropriate in accordance with your personal circumstances.

You can make a non-lapsing binding death nomination by completing the Cruelty Free Super Nomination of Beneficiary Form. You can obtain a copy of the Nomination of Beneficiary Form by contacting Cruelty Free Super or on www.crueltyfreesuper.com.au or speak with your licenced financial adviser.

You may revoke or update your non-lapsing binding nomination at any time by writing to the Trustee.



Who can I nominate as a beneficiary?

You can nominate a dependant or your legal personal representative. If you nominate your Legal Personal Representative it is important that you have a valid Will and keep it up-to date, as the Trustee must pay your death benefit to your estate.

Under superannuation law, “dependants” include the following:

- any spouse (including a same-sex legal or defacto partner)
- any child (including a child of a spouse)
- any person in an ‘interdependent relationship’ with you
- any other person who the Trustee considers was dependent on you for maintenance or support, at the date of your death.

Someone can be in an interdependent relationship with you if: you have a close personal relationship, you live together, one or each of you provides the other with financial support, and one or each of you provides the other with domestic support and personal care.

Dependency can also arise where two people have a close personal relationship but don’t live together or provide each other with financial support or personal care because of physical, intellectual or psychiatric disability. For more information on dependants please contact Cruelty Free Super.

How do I ensure my binding death benefit nomination is valid?

When you initially fill in your form you must do the following:

- complete all sections of the form
- ensure the beneficiaries are dependants or your Legal Personal Representative
- ensure the benefit allocation between your beneficiaries adds up to 100.00%, and
- ensure you sign and date the form in front of two witnesses, who must be over 18 years of age and not nominated as beneficiaries.

Your nomination may become invalid if:

- one of your beneficiaries dies before you do
- one of your nominated dependants is not a dependant at the time of your death, or
- you are no longer a member of Cruelty Free Super at the time of your death.
- the nomination was not made directly by you (it is the Trustee policy not to accept nominations through Power of Attorneys, or from anyone other than you)



If your nomination is invalid at the time of your death, the Trustee will treat it as a non-binding nomination and Trustee will pay the benefit at its absolute discretion

What will the Administrator do?

It's important that, like a Will, you keep your binding nomination up-to-date. The Administrator will write to you and confirm any new, amended or cancelled nomination.

Death benefit nominations in your annual statement

We will confirm your death benefit nomination details each year with your Annual Member statement. It is important that you take note of this and review your nomination to ensure it continues to suit your circumstances especially if this has changed. You can update or revoke your nomination at any time by writing to the Trustee.

Choice of superannuation fund

Under superannuation law you may be able to choose which superannuation fund you wish to join, as long as the fund complies with certain requirements. That is, it is an “eligible choice fund”.

Upon choosing a fund which is different to that nominated by your employer, you will be required to provide written details of the fund, and written evidence that it will accept your employer's contributions.

If you do not select a fund or you select a fund that is not an eligible choice fund, your contributions will be paid to the employer's default fund. The default fund must offer minimum death insurance cover.

For more information about choice of fund, go to www.ato.gov.au or contact your employer.

Transfers to an Eligible Rollover Fund (ERF)

Superannuation legislation allows superannuation trustees to transfer benefits to an eligible rollover fund (ERF) as determined by the trustee. We have decided that benefits may be transferred to an ERF as permitted from time to time.:



The ERF we have decided to use is called the Super Money Eligible Rollover Fund (“SMERF”).
The contact details of the ERF are:

PO Box 1242
Albury NSW 2640
Tel: 1800 114 380
Email: smerf@diversa.com.au
Website: www.smerf.com.au

Once your benefit is transferred to SMERF you become a member of SMERF and cease to be a member of Cruelty Free Super. Any insurance cover applicable to you in Cruelty Free Super will also cease. An Exit Fee may apply to the transfer depending on the amount of your benefit.

SMERF has different investments and fees and costs to Cruelty Free Super. It does not provide insurance cover. If you would like further information about the features of SMERF, contact the SMERF Fund Administrator for a copy of their product disclosure statement.

Diversa Trustees Limited is also the trustee of SMERF and receives remuneration in this capacity.

Unclaimed monies and lost super

In certain circumstances prescribed under the Superannuation (Unclaimed Money and Lost Members) Act 1999, superannuation benefits must be treated as unclaimed money and paid to the ATO. These circumstances include:

- if we lose contact with you after you reach your pensionable age (65); and it’s been a period of five years since we last had contact with you and we have not received contributions, rollovers or other amounts for you for two years
- lost accounts with balances of less than \$6,000 (small accounts); and
- lost accounts which have been inactive for a period of 12 months where we are satisfied, based on the information reasonably available to us, that we will never be able to pay the amount to the account holder (inactive accounts of unidentifiable member);



- if you are a former temporary resident whose visa has expired, have departed Australia without claiming your superannuation benefits within 6 months and the ATO issues a notice to the Fund requesting payment.

Unclaimed monies can be claimed directly from the ATO. In the case of former temporary residents this can occur at any time after departing Australia, subject to the payment of applicable tax. Unfortunately, if superannuation benefits are transferred to the ATO as unclaimed monies, they will not retain any associated insurance cover.

The ATO has an unclaimed monies register that can be checked for you. For more information you can contact the ATO on 13 10 20 or go to www.ato.gov.au.

If you become lost, we are required to advise the ATO Lost Member Register. You can search the Lost Member Register by going to www.ato.gov.au.

If you are a former temporary resident whose superannuation benefits is transferred to the ATO as unclaimed money, you will not be notified of this or receive an exit statement after the transfers occurs. We will rely on relief provided by the Australian Securities & Investments Commission (ASIC) Class Order [CO 09/437] which says, in effect, that superannuation trustees are not obliged to meet certain disclosure requirements in relation to non-residents that have ceased to hold an interest in the Fund as a result of the payment of unclaimed superannuation to the Commissioner of Taxation. If you require any further information, contact Cruelty Free Super on 1300 022 762.

Splitting of superannuation benefits upon relationship breakdown

In the event of a marriage breakdown, your superannuation may be split between you and your ex-spouse under Family Law legislation, including a qualifying defacto spouses (of the same or opposite sex). This can be done under a superannuation agreement or a Family Court order. A “flag” can also be imposed on your superannuation benefit. This will preclude you from cashing, transferring or rolling over benefits in your account while it is in place. A “flag” can be removed by agreement with your ex-spouse or by an order from the Family Court.



Splitting of benefits may result in your ex-spouse being entitled to all or part of your benefits and the transfer of their entitlements to a new account in Cruelty Free Super or another superannuation product over which you will not have any rights or be able to make decisions.

Where an eligible person informs us that they need information to properly negotiate a superannuation agreement or to assist in connection with family law rules, we may be required to provide the information and cannot tell you about the enquiry.

These laws are complex and members and their spouses should each seek independent legal advice in the event of a marriage or other relationship breakdown.

Section 2: Benefits of investing with Cruelty Free Super

This product is designed to provide a simple and affordable way for you to save for your retirement. We aim to generate solid returns for members over the medium to long term, by utilising the strengths of experienced service providers and to build a strong financial foundation for all members.

The product also aims to maintain administrative and operational systems that will provide excellence in customer service and quality to all members. The administrator of the Fund is OneVue Super Services ABN 74 006 877 872 (**OneVue or 'Administrator'**), a related company of the Trustee. OneVue receives fees in respect of its administration services which form part of the management costs of the Fund and its products.

The benefits and features of the product include:

- The ability to make regular superannuation contributions to an account which accumulate over time with any investment earnings (which may be positive or negative) after taking into account any fees, costs, taxes and other charges.
- The Fund operates on a unitised basis. This means the value of your benefit on retirement or in any other circumstances is based on unit prices calculated on a



weekly basis for Cruelty Free Super's investment strategy. The investment earnings of the investment strategy are taken into account when determining the unit prices.

- Flexible insurance options at competitive premium rates (refer to the Insurance Guide).
- The availability of flexible contribution options including contribution-splitting arrangements (refer to section 2 "How super works").
- The ability to consolidate all your superannuation savings by letting you rollover amounts held in other funds (refer to section 2 "How super works").
- Regular reporting including online reporting.
- Privacy of your personal information

Benefits

When you become a member, you are assigned a member number and account which records all transactions relating to your membership including the number of units you hold. The number of units you hold depends on the amount you invest, with each contribution or transfer into your account resulting in the purchase of additional units (depending on the applicable unit price at the time of the contribution or transfer). When a contribution is received, we deduct contribution tax (where applicable) and issues units at the next applicable unit price calculated. Other amounts paid into your account or deducted from your account result in a decrease in the amount of units you hold. The Fund's unit pricing arrangements are summarised in more detail below.

Allocation of earnings

A unitised investment is a pooled investment where investors purchase units, with each unit representing a share of the underlying assets (after taking into account relevant fees, costs and taxes). As a member you do not have any direct ownership of the underlying assets in the Fund. Over time, the value of your units will fluctuate as the market value of the assets of your investment strategy rises or fall.

Each unit has a Buy price and Sell price, with the difference between these prices referred to as a buy/sell spread (refer to page 20 for more information about buy/sell spreads). Unit prices are available on request from the Administrator.



The value of each unit reflects the market value of the underlying assets after taking into account relevant liabilities taxes and adjustments for buy or sell costs (as applicable). Your account balance is calculated with regard to the net value of the investment strategy in which you are invested using the Sell price. At least once a week, the unit price is calculated. We may vary, suspend or delay the calculation of unit prices where we consider it necessary or appropriate (for example, in response to investment market developments or issues affecting an underlying investment).

Each member is issued a number of “Units”. The value of your account at any time is the number of units held multiplied by the applicable Sell price at the time.

The contributions or other amounts paid to your account are allocated units at the next Buy price calculated.

If you transfer your benefits to another superannuation product at any time, or make a cash withdrawal of benefits which are not required to be preserved, units will be redeemed from your investment to the value of the benefit paid or transferred based on the Sell price. Redemptions will be calculated using the next unit price calculated for the investment strategy.

Some, but not all, fees and taxes are taken into account when calculating unit prices. For more information about fees and costs, refer to section 5 “Fees and costs” of this document. For more information about tax, refer to section 6 “How super is taxed” of this document.

All contributions, withdrawals and transfers will be processed using the next Buy price or Sell price (as applicable) calculated after the date the Administrator receives your completed request.

On retirement or withdrawal

Your benefit at any time is equal to the value of your account less any applicable fees or taxes. (This is calculated by multiplying the number of units in your account by the Sell Price)



On death and permanent incapacity

Your benefit is equal to the value of your account less any applicable fees or taxes and may include an insured benefit.

Reporting

As a member, you will receive or be given access to the following:

Member information

Each year, you will receive an individual member's statement that outlines your investment as at 30th June. The transactions that will appear on your statement include (where applicable): balance as at previous year, contributions, rollovers, investments earnings (net of relevant fees, costs and taxes), withdrawals, fees, costs and tax paid directly from your account and the member balance at the end of the year.

Fund information

Each year, you will have access to an Annual Report that will provide you with information on the management and the financial position of the Fund as at the preceding 30 June. The Annual Report will be available from www.crueltyfreesuper.com.au or on request by contacting Cruelty Free Super on 1300 022 762, it will be sent to you (free of charge) by post or in electronic form.

Exit information

When you cease to be a member or close an account, you will also receive an individual exit statement, and a Rollover Benefit Statement unless this occurs as a result of your superannuation benefit being paid to the ATO as unclaimed monies of a former temporary resident, at the ATO's request.

Other

Other relevant information, such as the rules governing the Fund and the audited accounts with the auditor's report may be supplied upon request.



Privacy

In this section, 'we' means Diversa Trustees Limited ABN 49 006 421 638 ('the trustee').

Why do we collect your personal information?

We collect your personal information for the following reasons, to:

- Administer products and services and manage our relationship with you, including to establish and maintain member records, and provide regular statements, reports and communications;
- Provide products and services to you;
- Process transactions, applications, claims, requests and queries in relation to our products and services;
- Identify you in accordance with the *Anti-Money Laundering & Counter Terrorism Financing Act* and to protect against fraud;
- let you know about other products or services that we may offer or that the Fund's promoter may offer; and
- comply with applicable laws and regulations.

If we do not collect your personal information, we may not be able to process your applications, provide you with services relating to the Fund or administer your interest in the Fund.

Who do we disclose your personal information to?

We may disclose your personal information to third parties including:

- Outsourced service providers including an administrator or promoter of the Fund;
- Mail houses and printing companies;
- Specialist service providers, such as actuaries, auditors and lawyers;
- Custodians and brokers;
- Insurance providers;
- Your financial adviser, your attorney appointed under a power of attorney, or your appointed representative;
- Other consultants; and



- Government authorities as required or desirable in administering and conducting the business of the Fund, including in complying with relevant regulatory or legal requirements. It is possible that this may also include a Government authority that is overseas.

Personal information will only be disclosed to third parties other than those listed above if you have consented, if you would reasonably expect us to disclose information of that kind to those third parties, if we are authorised or required to do so by law or it is necessary to assist with law enforcement.

Privacy policies

The privacy policies of the trustee, promoter and the administrator set out how you can access and correct information we hold about you, how you can complain about a breach of your privacy rights and how your complaint will be handled. The trustee's privacy policy can be found at www.diversa.com.au/trustee. The administrator's privacy policy can be found at www.onevue.com.au. The promoter's privacy policy can be found at www.crueltyfreesuper.com.au/privacy.

If you have any queries or complaints about your privacy please contact:

- The Trustee
 - Post: Privacy Officer, Diversa Trustees, GPO Box 3001, Melbourne VIC 3001
 - Email: trustees@diversa.com.au
- The Promoter
 - Privacy Officer, Future Super Asset Management, GPO Box 263, Sydney NSW 2001
 - Email: hello@crueltyfreesuper.com.au
- The Administrator
 - Post: Privacy Officer, OneVue Super Services, PO Box 1282, Albury NSW 2640
 - Email: service@supermanagers.com.au

Privacy and the Insurer

Your privacy is also important to the Insurer. The AIA Australia Privacy Policy sets out how your personal and sensitive information is collected, used, handled and disclosed by the Insurer, and the purposes that your information is used for (including the administering, assessing or processing your insurance or any application or claim). The AIA Australia



Privacy Policy is available at www.aia.com.au or by calling 1800 333 613. By seeking cover from the Insurer, you confirm that you agree and consent to the collection, use (including holding and storage), disclosure and handling of personal and sensitive information in the manner described in the Insurer's Privacy Policy on AIA Australia's website as updated from time to time, and to the disclosure of your personal and sensitive information to third parties who may be located in Australia, South Africa, the US, Europe, Asia and other countries.

Trustee indemnity insurance

The Trustee has a professional indemnity insurance policy to indemnify the Trustee and its Directors in case of certain losses due to a claim against the Trustee. Not all losses are covered by the insurance policy and the extent of any indemnity is subject to the terms of the relevant insurance policy.

Section 3: Risks of super

Risks

It is important to understand that there are risks inherent in any investment. The purpose of this section is to elaborate the types of risks that may apply to an investment in Cruelty Free Super. While we are not able to remove all the risks associated with an investment in Cruelty Free Super, the Investment Manager Future Super Asset Management Ltd (ABN 81 002 558 956 AFSL 238184) employs a range of investment risk management strategies to identify, evaluate and manage these risks.

Investment risk means the value of your investment could fall. Rises and falls in investment value occur for a variety of reasons. Factors that can negatively impact on your investments include:

- Changes in the economic and political climate
- Changes in government policies and laws including superannuation, taxation and social security laws
- Movement in currency markets (foreign currency risk is described in more detail below)
- Changes in interest rates



- The general state of the Australian and international economies
- Inadequate diversification; and
- Investment decisions made by the Investment Manager and any external fund managers.

The risk of an investment is measured by the likely fluctuations (that is, rises and falls) in returns. In general, the higher the expected returns, the higher the risk associated with the investment. Investment risk is influenced by the extent of diversification in the investments made. Diversification of investments can help manage investment risk. Cruelty Free Super's investment strategy employs different degrees of diversification in underlying assets or asset types.

Risk profile

Investments with a higher proportion of growth assets, such as shares and property, have historically provided better long-term returns than those which have a higher exposure to income producing assets, such as fixed interest and cash.

However, investments with a higher proportion of growth assets are also generally subject to a higher risk of a short-term loss in value. Investments with a higher proportion of income producing assets are generally subject to a lower risk of a short-term loss in value.

Our investment strategy's risk profile is based on the Standard Risk Measure. 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.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require meeting their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

The Standard Risk Measure is grouped into the following bands:



Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very Low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or Greater

Members should still ensure they are comfortable with the risks and potential losses associated with our investment strategy.

Some specific investment risks associated with particular investments are described in further detail below.

How we manage investment risks

The investment strategy for Cruelty Free Super takes into account a range of criteria including:

- the membership profile
- the risks involved in making, holding and realising investments, and the likely return from those investments
- the composition of the investments as a whole including the extent to which the investments are diverse or involve the option being exposed to risks from inadequate diversification
- the liquidity of investments.

Diversification risk

Cruelty Free Super does not offer a choice of investment options—it has a single investment strategy. The extent of diversification may impact the amount of investment risk associated with a particular investment strategy.



Diversification in underlying assets or investments can help moderate the risk of lower investment returns and a lack of diversification can increase investment risks.

We recommend you consult a licensed or authorised financial adviser for assistance with how to manage your investment risk having regard to your personal objectives, situation or needs.

Foreign currency risk

Investment in international equities may give rise to foreign currency exposure. This means the value of foreign investments may vary as exchange rates change. Fluctuations in foreign currency can have both a positive and negative impact on the investments with exposure to international equities, depending on how the investments are made.

Liquidity Risk

Investments may become illiquid due to market developments or other factors (that is, they cannot be readily converted to cash, at all or quickly enough to meet liabilities, in particular benefit payments). We manage, analyse and monitor the liquidity position of Cruelty Free Super and will take such action as may be required to enable Cruelty Free Super to discharge its liabilities and meet its cash flow requirements in the best interests of members as a whole. For example we may alter the transfer, withdrawal or investment processes; alter Cruelty Free Super's allocation to cash; freeze withdrawals from illiquid or impaired assets temporarily or permanently; or cease accepting further investments in illiquid or impaired assets temporarily or permanently.

Derivatives risk

Derivatives are generally contracts that call for money to change hands at some future date, such as company issued options or listed exchange traded warrants or foreign exchange contracts. The Trustee does not permit any investments directly in any futures, options or other derivatives instruments.

Insurance risk

Insurance is obtained from a third party. This involves the risk that the third party Insurer may not be able to meet its obligations under the contract of insurance.



We cannot guarantee the payment of an insured benefit or the performance of the Insurer.

Ethical screening risk

The investment of the product's assets in companies is screened in relation to ethical and other values. There is risk that the companies change their operations or philosophy, and the Trustee being unable to redeem its investment quickly enough.

This risk is managed by assessing the latest information available and the use of external expertise to monitor consistency of the product's investments with the ethical and other values that are taken into account when making investment decisions.

In addition, ethical screening reduces the possible number of investments Cruelty Free Super may invest in.

Your investment is not guaranteed. The value of your investment can rise or fall. Neither the Trustee, any related entities or any other person referred to in this document guarantee the capital invested, your account, underlying investments or the performance of investments. Past performance is not an indicator of future performance.

Section 4: How We Invest Your Money

Investments

Members are invested in a single investment strategy referred to as the ***Cruelty Free Growth Investment strategy***.

The Cruelty Free Growth Investment strategy invests in Australian listed shares (domestic and international), interest bearing securities, cash and property. The overall strategy is to invest in a diversified mix of assets weighted towards Australian equities and other growth assets. While there may not be any allocation to International assets, exposure to international markets may be derived through investments in ASX listed securities.

Variations in actual allocations of assets may occur from time to time for various reasons including asset allocation decisions and market fluctuations.



Part of the strategy's assets may be allocated to external fund managers and their products. We ensure that any assets managed by external managers fit the strategy's investment criteria and risk profile, and provide adequate diversity of investment management.

While we have full responsibility for the investment of Cruelty Free Super's assets, we have appointed Future Super Asset Management as the Investment Manager to manage the investments.

The investment strategy and objectives are subject to review by the Trustee from time to time with the assistance of advisers or other service providers as it may determine, to ensure they meet the requirements set down by superannuation legislation and for operational purposes.

There are periods when uncertainty occurs in investment markets encompassing equities, fixed interest securities and property. In these situations, strategic action may need to be taken to make changes to the underlying allocation of assets or investment categories. Any decision will be taken depending on the length of time the uncertainty is expected to persist. Market conditions are monitored constantly for such strategic moves to be implemented. In uncertain periods for investment markets, we may seek the advice or recommendation from the Investment Manager or external managers.

Environmental, social or ethical investment criteria

Cruelty Free Super will not invest in companies involved directly or who have a material indirect involvement in the following activities (through a negative screening process to identify shares that should be excluded from the product's investments):

Animal Testing:

- Cosmetics
- Household Products
- Pharmaceutical products

Animals and food:

- Rearing and breeding of animals for food
- Abattoirs



- Live Transport
- Equipment, technology and machinery manufacturers specifically linked to intensive farming and transport
- Animal products
- Food processors where animal products are a principle activity
- Food retailers and animal-based catering companies
- Companies making significant use of animal by-products (gelatine/collagen/leather)
- Fish farming

Fur and animal skins:

- Breeding and rearing animals for their fur/skin
- Trapping and other means of removing animals from the wild
- Retailing of fur/skin products where animals have been reared for this purpose

Animals in sport:

- Operators of horse and dog racing facilities, breeders
- Fishing equipment and services
- Betting where this is linked to horse and dog racing
- Hunting equipment (for example, traps and guns)

Genetic modification:

- Research and development of genetically engineered animals
- Use of genetically engineered animals—pharmaceutical/food/other products.

Social, environmental and other values

In addition to the ethical values outlined above, which are specifically linked to avoidance of cruelty to animals, we will also consider a broader range of criteria or values including values relating to labour standards, and social and environmental considerations in relation to investment in Australian and International Shares.

Cruelty Free will seek to invest in shares involved in the following activities (through a positive screening process to identify shares that can be included in the product's investments):

- Environmental Protection
- Recycling



- Water and Waste management
- Companies providing services or products of benefit to society
- Education
- Healthcare (subject to negative exclusions)
- Clean Energy

Also, the following criteria will be applied in the selection and retention of shares and fixed interest holdings in the product:

- Avoid companies involved with the manufacture of weapons and strategic weapons systems
- Avoid companies involved with Human Rights abuse, based on evidence of a negative impact on a company's workers, stakeholder communities and indigenous peoples
- Avoid companies involved with Environmental Damage, based on worst offenders. Every individual and corporation has an impact on the environment, but some manage their impact better than others. Cruelty Free Super's investments will seek to avoid those companies whose activities pose the greatest threat the climate change and environmental degradation.
- Avoid companies involved with Tobacco production.

For more detailed and up to date information on the ethical and other values applied to this product's investments, please visit www.crueltyfreesuper.com.au.

Screening processes

The Investment Manager will monitor investments in shares on a regular basis to ensure adherence to the values determined for this product's investments.

An investment in any company which is subsequently found to be outside of the stated ethical values will be disposed of. To the extent practicable, the Investment Manager will manage the disposal of the investment to ensure reasonable value, and timing of the disposal will be up to a maximum of three (3) months from the date on which the breach was identified.



Full details of the values applied by Cruelty Free Super in relation to the product's investments can be found at www.crueltyfreesuper.com.au.

Investment returns

For information about the investment returns of the Cruelty Free Growth Investment strategy, refer to the latest Annual Report or www.crueltyfreesuper.com.au

Please note, past investment performance is not a reliable indicator of future investment performance.

Section 5: Fees and costs

Fees and other costs

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your account, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, advice fees for personal advice and insurance fees, may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you.

Taxes, insurance fees and other costs relating to insurance are set out in another part of this document.

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

Cruelty Free Super		
TYPE OF FEE ¹	AMOUNT	HOW AND WHEN PAID
Investment fee	1.25% p.a.	Accrued and reflected in the unit price when



		the unit price is calculated and paid in arrears
Administration fee	\$52 per year (\$1 per week)	Deducted directly from your account balance on a monthly basis, payable in arrears
	Plus	
	0.64% p.a.	Accrued and reflected in the unit price when the unit price is calculated and paid in arrears
Buy-sell spread	0.07% buy / 0.07% sell	Taken into account when the unit prices for payments in and benefit payments/transfers out are calculated*
Switching fee	Nil	N/A
Exit fee	Nil	N/A
Advice fee	Nil	The trustee of Cruelty Free Super does not provide or charge for advice. If you have a financial planner, you can agree to pay a fee to the adviser that is deducted from your account balance.
Other fees and cost ¹	Varies	Other fees and costs may apply. Refer to the “Additional Explanation of Fees and Costs” section below.
Indirect cost ratio	Nil	N/A

¹ For definitions of fees and costs in the table above, please refer to the section “Additional Explanation of Fees and Costs” below.

Additional explanation of fees and costs

Adviser fee

Adviser remuneration

Members may nominate an adviser of their choice. You may agree for your adviser to receive payment (‘remuneration’) for adviser services relating to your account or superannuation. Any adviser remuneration will only be payable from your account in the Fund where there is a written agreement between you and your adviser, in relation to agreed payments of adviser remuneration and you agree to both the amount of the fee and its deduction from your account.



Your adviser’s remuneration, which is described below, is not included in the fees and costs shown in the fee table on page 18.

The remuneration is negotiable between you and your adviser. The type of remuneration that may be paid to your adviser is outlined below:

Ongoing flat fee remuneration

An on-going fixed (dollar based) service fee not exceeding 1.1% per annum of your average account balance each year may be payable by way of a deduction from your account for services provided to you as agreed with your adviser. For example, on a \$50,000 investment, the maximum adviser service fee would amount to approximately \$550 for the year. The amount of this fee is determined by agreement with your adviser and will be deducted monthly based on the account balance on the last day of the month, and paid to your adviser monthly in arrears, until you instruct us otherwise.

Information about advice fees should be provided in your adviser’s Statement of Advice.

Activity fee

Family Law Charges:

Family Law fees	Amount	How and when paid
Family Law Charges and Superannuation Splitting	Request for information by member—Nil	N/A
	Request for information by non-member—\$55.00	Payable directly by the non-member at the time of request.
	Implement an Order to split or flag an interest—\$55.00	Payable directly by the member at the time of request by both parties.
	Pay out a Family Law benefit—\$55.00	Deducted from the member’s account when paying out of a benefit from the account.



In addition, where we incur legal expenses in responding to matters arising from “flagging” or splitting your benefits, these expenses will be deducted from your account.

Baby Bump Program

Cruelty Free Super has a fee refund program for parents who are off work or working less than 10 hours per week, for a period of up to 12 months after a new child comes into their care.

The fee refund will cover the dollar based Administration Fee for a maximum of 12 months (\$52.00).

An application for a refund of fees can be submitted online through the member portal when the member returns to work, when the member increases their hours of work to more than 10 hours per week, or when the child has been in their care for 12 months, whichever event happens first. An application for a refund of fees cannot be submitted more than 18 months after the child has come into a member’s care.

Members who have received Super Guarantee Contributions for the time period they were on parental leave (excluding SG contributions relating to the member working 10 hours per week or less) will not be eligible to apply. This excludes SG payments that relate to a time where the parent was still in regular employment. In order to be eligible a ‘new child’ means the birth of a new child by a member or their spouse or the adoption of a child by a member. Members can apply for the refund of fees within 18 months of the child coming into their care.

Dishonour fee

Where a contribution or rollover cheque is dishonoured, a fee of \$50.00 may be charged against the individual member’s account balance.

Indirect costs

Operational Risk Reserve

Superannuation funds under the Superannuation Industry (Supervision) Act 1993, are required to build financial resources in order to ensure there are adequate financial



resources in the event of a loss arising from an operational risk event. This is commonly done by creating an operational risk reserve (ORR) for this purpose.

An operational risk is the risk that a superannuation fund may suffer loss due to inadequate or failed internal processes, people and systems, or from external events. The ORR may be drawn upon to assist in compensating members of the Fund in the event of an operational risk having materialised.

The Operational Risk Reserve is currently funded on an ongoing basis at up to 0.05% p.a. which forms part of the Administration Fee.

The ORR will be maintained to meet the trustee's requirements, however if there are insufficient funds to maintain the ORR, additional funds may be allocated in the form of an additional one-off fee deductions from member's accounts or from other fund reserves. Members will be provided notice in advance if an additional one-off deduction will be made from member's accounts.

Buy/Sell Costs

When a member buys or sells units, this initiates a need for the Trustee to trade the underlying assets that relate to the particular investment transaction. This trading generates transaction costs such as brokerage, settlement costs (including custody costs), government taxes/duties/levies, bank charges and account transaction charges which are paid from the Fund's Investments Option.

These transaction costs are reflected in a buy/sell spread that is taken into account in the calculation of unit prices. The buy/sell spread is the difference between the entry price and exit price of units and is an additional cost incurred by members each time they invest (including via rollovers from other funds) or withdraw funds. The buy/sell spread is retained within the Fund and contributes towards the transaction costs associated with the Fund buying or selling assets in relation to investment transactions initiated by members or relating to the administration of member accounts.

The spread ensures that those members joining or leaving the Fund or product, or switching investment options, contribute towards these transaction costs and other investors who are not joining, leaving or switching investments at that particular time are not disadvantaged.



The buy/sell spread for each investment option is made up of the following costs:

Investment strategy	Buy	Sell
Cruelty Free Growth investment strategy	0.07%	0.07%

For example, if you invest \$10,000 in the Cruelty Free Growth Investment strategy, you will incur a buy cost of 0.07% of the transaction amount, being \$7.00, at the time you invest. The Buy cost is added (+) to the net asset value price (NAV) of the underlying assets per unit to determine an entry price ('Buy price'). The Sell cost is subtracted (-) from the NAV to determine an exit price ('Sell price').

As the imposition of a buy/sell spread is built into the unit price, it does not appear on statements to members as a separate fee.

For further information about unit prices, refer to the information about "Allocation of Earnings Policy" on page 10

Insurance fee

Refer to section 8 of the PDS 'Insurance in your super' and the Insurance Guide for more information about the premium rates applicable to insurance cover. Insurance premiums are deducted from an insured member's account each month where applicable.

Premium rates have been calculated to include administration costs associated with the insurance arrangements. 10% (in total) of the insurance premiums is to cover such administration costs and is payable by the Insurer to the Promoter and Administrator.

Taxation

GST, Stamp Duty and Taxation

Goods and Services Tax (GST) may apply to fees and charges. All fees and charges listed in this document are inclusive of GST and stamp duty, less any applicable reduced input tax credits, unless otherwise stated. .



For any fees you pay which are deducted from your account balance, you will receive a tax deduction equal to 15% of the fee paid. The benefits of any tax offset against the charges deducted directly from your account balance are taken into account in fees charged.

For more information about taxation, go to section 7 of the PDS 'How super is taxed' and section 6 of this document.

Changes to fees

We can change the amount or level of fees and costs without member consent. Where there is a material increase in fees or costs, we will notify members 30 days in advance of the increase.

Estimated costs may change from year to year depending on the experience of Cruelty Free Super.

The buy/sell costs are reviewed at least annually and can change from time to time. Updated information about buy/sell costs will be made available at www.crueltyfreesuper.com.au

Defined fees

Defined fees may also be viewed on the Fund's website www.crueltyfreesuper.com.au

Activity fees

A fee is an *activity fee* if:

1. the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
 - i. that is engaged in at the request, or with the consent, of a member; or
 - ii. that relates to a member and is required by law; and
2. those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

Administration fees

An *administration fee* is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to the administration or operation, other than:



1. borrowing costs; and
2. 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 an entity or in an interposed vehicle or derivative financial product; and
3. 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

A fee is an *advice fee* if:

1. the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
 - i. a trustee of the entity; or
 - ii. another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
2. those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

Buy-sell spreads

A *buy-sell spread* is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

Exit fees

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

Indirect cost ratio

The *indirect cost ratio (ICR)*, for a MySuper Product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper Product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper Product or investment option.

Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.



Investment fees

An *investment fee* is a fee that relates to the investment of the assets of a superannuation entity and includes:

1. fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and costs incurred by the trustee of the entity other than:
 - i. Borrowing costs; and
 - ii. 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 [OR the trustees] of the entity or in an interposed vehicle or derivative financial product; and
 - iii. 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

A *switching fee* for superannuation products other than a MySuper Product is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one class of beneficial interest in the entity to another.

Section 6: How super is taxed

Taxation

This section provides a general guide to the way in which your investment will be taxed. The impact of tax laws will depend on your personal circumstances. For this reason, we strongly recommend that you consult your taxation adviser before acting on the basis of this information. For further general information, go to www.ato.gov.au.

Contributions

The tax treatment of contributions depends on whether they are concessional contributions or non-concessional contributions.



Concessional contributions include deductible employer and self-employed contributions. Non-concessional contributions include member (after tax) contributions.

Concessional contributions cap

A concessional tax rate of 15% will ordinarily apply to concessional contributions up to \$25,000 per person per year for the 2017/2018 financial year (subject to indexation in future years), payable from the Fund (unless a rebate of this tax is available because you are a low income earner).

Increase to contribution tax for high income earners

If your income and non-excessive concessional contributions exceed \$250,000 in a financial year, an additional 15% tax will apply to the lesser of the member's non-excessive concessional contributions and the amount of the member's income and non-excessive concessional contributions that exceed \$250,000.

Refer to www.ato.gov.au for more information.

Concessional contribution cap breaches

Concessional contributions in excess of the concessional contributions cap will incur additional tax at your marginal tax rate (less a 15% tax offset) and count towards your non-concessional cap. In addition, you will be liable to pay a charge in respect of the excess concessional contributions. You will be required to pay this additional tax personally (you may, but are not required, to obtain the amount of additional tax from your superannuation savings). You may choose to have up to 85% of your excess concessional contributions. If you do, this amount will be sent to the Australian Taxation Office. The amount of excess concessional contributions that count towards your non-concessional contributions cap will be reduced by the amount of excess concessional contributions you release from your account 'grossed-up' by 15%.

From 1 July 2019, Individuals whose superannuation balance at the end of the previous financial year is less than \$500,000 will be able to carry forward unused concessional cap amounts from the previous five years. This applies to working out an individual's concessional contributions cap from the 2019-20 financial year onwards



No-TFN

If we do not hold your tax file number, any concessional contributions that we receive on your behalf will be rejected or refunded within 30 days of receipt. The Fund will also not accept (or will refund within 30 days) any concessional contributions received for a member where a TFN is not held for that member. This decision has been made by the Trustee to avoid additional tax (No-TFN tax) that we would have to pay (by deduction from affected member accounts) on concessional contributions where a TFN is not held.

Low Income Superannuation Tax Offset (LISTO)

The LISTO will provide a refund of up to \$500 of the tax paid on concessional super contributions for low-income earners with a taxable income of up to \$37,000. Payments of the LISTO into super funds are based on information reported by super funds to the ATO and information the ATO has about your income.

Non-concessional contributions cap

Non-concessional contributions will be limited to \$100,000 per person per annum (for the 2017/2018 financial year). People under age 65 can bring forward 2 years of future entitlements averaged over a three year period, giving them a cap of \$300,000 over a three year period. Once a person turns age 65 they will only be able to make personal contributions if they satisfy the Work Test in the relevant year. The \$100,000 cap will be indexed in future years so it is always six times the cap on concessional contributions. Non-concessional contributions in excess of these limits will incur tax of 47% (and medicare levy, see below), payable directly by the individual. The excess non-concessional contributions tax amount must be released from a superannuation fund upon presentation of an ATO Release Authority.

Spouse contributions will be included in the receiving spouse's non-concessional contributions cap. Government co-contributions, personal contributions made from certain proceeds from the disposal of qualifying small business assets (up to a lifetime limit which may change from year to year), and personal contributions from proceeds from certain payments for personal injury resulting in permanent disablement made within 90 days of receiving the payment will not count towards the non-concessional contributions cap.



From 1 July 2017 there is a \$1.6 million transfer balance cap on the total amount of accumulated superannuation an individual can transfer into the tax-free retirement phase will be based on an individual's balance as at 30 June the previous year. If the individual's balance at the start of the financial year (the contribution year) is more than \$1.6 million they will not be able to make any further non-concessional contributions. Individuals with balances close to \$1.6 million will only be able to access the number of years of bring forward to take their balance up to \$1.6 million. Subsequent earnings on balances in the retirement phase will not be capped or restricted.

Transitional arrangements will apply. If an individual has not fully used their non-concessional bring forward before 1 July 2017, the remaining bring forward amount will be reassessed on 1 July 2017 to reflect the new annual caps.

Individuals aged between 65 and 74 will be eligible to make annual non-concessional contributions of \$100,000 if they meet the work test (that is they work 40 hours within a 30 day period each income year). As per current arrangements, they will not be able to access the three year bring forward of contributions.

For more information about concessional and non-concessional contribution limits, including amounts included within these limits, rebates of contributions tax and the treatment of excess contributions go to www.ato.gov.au.

Government co-contributions

If you make personal after-tax contributions (i.e. non-concessional contributions) and your total taxable income is below a certain amount in a financial year, you may be eligible to receive a super co-contribution from the Federal Government for that year; go to www.ato.gov.au for further information.

The ATO will work out whether you are entitled to receive a co-contribution using information provided by your superannuation funds and your personal income tax return.

Tax deductibility of contributions

An employer is generally entitled to a full deduction for all contributions to superannuation on behalf of employees under age 75. Certain criteria must be met including that the employee is engaged in producing the employer's assessable income. Contributions made within 28 days of the end of the month in which an employee turns 75 or that are required to



be made under an industrial award or other prescribed arrangements (after age 75) may also be deductible.

Self-employed people or other eligible persons (with less than 10% of their assessable income, reportable fringe benefits and reportable employer superannuation contributions attributable to employment as an employee) are generally entitled to a full deduction for superannuation contributions under age 75, provided certain conditions are met. Go to www.ato.gov.au for more information.

From 1 July 2017, the government will allow all individuals under the age of 65, and those aged 65 to 74 who meet the work test, to claim a tax deduction for personal contributions to eligible superannuation funds up to the concessional contributions cap.

Rollovers and transfers

Superannuation rollovers and transfers are not generally taxed when invested in the Fund. An exception to this is where your rollover or transfer is from an untaxed source, which may include an unfunded superannuation scheme (for example, some public sector superannuation schemes).

Investment earnings

All income and capital gains are taxed at a rate up to 15%. Fund expenses are an allowable deduction for the purpose of calculating taxable income.

Any franking credits and foreign tax credits we receive are used to reduce the effective tax rate to below 15%.

Benefits (other than death benefits)

Tax will be payable on a lump sum benefit paid to you depending largely on your age. In general, lump sum benefits paid to persons age 60 or over are tax free (if paid from a taxed source). Tax is payable on lump sum benefits paid to persons under age 60, as outlined in the following table:

Age / status	Component and tax treatment
Age 60 or over	Tax free



Preservation age (generally age 55) to age 59	Tax free component* is tax free. Taxable component** <ul style="list-style-type: none">• The first \$200,000*** is nil• The amount above \$200,000*** is taxed at 15% (plus medicare levy).
Less than preservation age	Tax free component* is tax free. Taxable component** taxed at 20% (plus medicare levy)

* The tax-free component consists of amounts such as the accumulation of non-concessional contributions, pre July 1983 components and invalidity components. If you would like more information about these components contact Cruelty Free Super on 1300 022 762.

** The taxable component is the benefit less the tax-free component. If you would like more information about these components contact Cruelty Free Super on 1300 022 762.

*** The threshold applies in the 2017/2018 financial year. The threshold may be indexed in line with average weekly earnings each year in \$5,000 increments

If your benefit includes an untaxed element, higher tax may be applicable. Different tax treatment applies to benefits paid to terminally ill persons and Departing Australia Superannuation payments.

When any benefit is paid from an accumulation interest in the Fund, it must comprise both tax-free and taxable components, in the same proportions as the total interest. You cannot nominate to withdraw specific components of your interest. If we do not have your TFN at the time a benefit is paid, higher tax applies.

Tax is not generally payable when transferring benefits to another superannuation fund or product.

Taxation of death benefits

Where a death benefit is paid to a death benefits dependant as a lump sum (regardless of age) the benefit will be tax free.

A death benefit paid to a non-death benefits dependant can only be paid as a lump sum. In this instance the tax-free component is tax free, whilst the taxable component is taxed at 15%, plus medicare levy. Where a non-dependant receives an insurance payout as part of the



death benefit, a portion of this amount may be an element untaxed (relating to the future service period of the insurance amount) and subject to higher tax. Tax on any taxable component may also be higher if we do not hold your TFN.

Where a death benefit is received by the legal personal representative of a deceased estate, tax is determined according to who is intended to benefit from the estate.

A dependant for taxation purposes is a spouse (including a qualifying defacto spouse of the same or opposite sex), a child under 18 and any other person who was otherwise a dependant or in an interdependency relationship (as defined in Government legislation) with the deceased member. It does not include an adult child aged 18 or more (unless financially dependent or in an interdependency relationship with the deceased).

Income protection benefits

Income protection insurance benefits are paid as taxable income and, like salary and wages, attract pay-as-you-go tax at your marginal tax rate. The tax is deducted and remitted to the ATO before the benefit is paid. Higher tax applies if we do not hold your TFN. See information about the temporary budget repair levy below.

Terminal illness benefits

Tax does not apply to lump sums paid to individuals diagnosed with a terminal medical condition (as defined in Government legislation), regardless of the individual's age.

Departing Australia Superannuation Payments

If you enter Australia on a temporary visa you are entitled to receive your superannuation benefit once it has expired and you have left Australia. This type of payment is known as a Departing Australia Superannuation Payment (DASP). The tax rates payable in respect of a DASP are as follows:

- Tax free component—Nil
- Taxable component—35%.



Tax file number

What you need to know about giving us your Tax File Number (TFN)

Under the Superannuation Industry (Supervision) Act 1993, we are authorised to collect your TFN, which will only be used for lawful purposes including to administer your superannuation interest and to provide information to the Commissioner of Taxation.

These purposes may change in the future as a result of legislative change. We may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request in writing that your TFN not be disclosed to any other superannuation provider.

It is not an offence not to quote your TFN. However giving your TFN to the Fund will have the following advantages (which may not otherwise apply):

- We will be able to accept all types of contributions for you;
- The tax on contributions will not increase;
- Other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your superannuation benefits; and
- It will make it much easier to trace different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

Please note that we have also decided not to accept or will refund concessional contributions (for example, employer contributions) for a member if a TFN is not held for the member.