

# FIRE AND EMERGENCY SERVICES SUPERANNUATION FUND

## MEMBER INFORMATION GUIDE

### PRODUCT DISCLOSURE STATEMENT PART B

Issued by: Fire and Emergency Services Superannuation Board  
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Fire and Emergency Services Superannuation Fund  
ABN 43 198 502 058

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**Fire and Emergency Services Superannuation Fund  
Member Information Guide – Part B**

## What's this guide about?

This is Part B of the Member Information Guide (also known as the Product Disclosure Statement) and contains specific information about the Fund that may change from time-to-time.

This document should be read in conjunction with Part A of the Member Information Guide (also known as the Product Disclosure Statement). The Trustee has made every effort to ensure you have the most up to date copy of both Part A and B of the documents but if you think your copy is out-of-date, please contact the Superannuation Office.

## Historical Performance

The Fire and Emergency Services Superannuation Fund is not-for-profit. With the exception of the Smoothed option, all earnings in the other investment options are distributed to Fund members after expenses and tax have been deducted. Therefore the return that is credited to your account reflects the earnings from your chosen investment options (after expenses and tax have been deducted).

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

The Smoothed option is a little different, since it uses an averaging process to smooth the year-to-year investment returns credited to members invested in this option. Generally, the smoothing (or averaging) process works by setting aside a portion of the Fund's earnings to a reserve when investment returns are higher. In these years, a reduced investment return is paid to members' accounts. In years of lower investment returns, the reserves can be used to increase the investment return credited to members' accounts. For more information, refer to Part A of the Member Information Guide.

The performance of each of the investment options over the five years to 30 June 2010 are shown below (after investment fees and tax have been deducted).

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

<b>Year ending 30 June</b>	<b>Cash</b>	<b>Capital Stable</b>	<b>Smoothed</b>	<b>Growth</b>	<b>Shares</b>	<b>Australian Shares</b>
2010	3.1%	8.6%	8.0%	10.1%	8.9%	13.5%
2009	4.1%	-1.5%	-10.9%	-7.8%	-13.8%	-14.9%
2008	5.8%	-4.7%	-3.5%	-11.0%	-17.2%	-16.0%
2007	4.9%	11.3%	15.5%	13.4%	16.2%	26.3%
2006	4.4%	9.8%	15.4%	13.1%	19.4%	21.8%
3 Year Ave (pa)	4.4%	0.6%	-2.4%	-3.3%	-8.1%	-5.8% <sup>1</sup>
5 Year Ave (pa)	4.5%	4.6%	4.4%	3.0%	1.5%	6.1% <sup>1</sup>
10 Year Ave (pa)	4.3%	5.1%	4.8%	3.5%	1.1%	N/A <sup>1</sup>

(1) The Australian Shares option commenced in February 2005.

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For pension members, the assets are invested in the same manner as for other members, with the only difference being there is no tax payable for pensioners. A history of returns (after fees) for allocated pensioners is shown below.

**Returns paid to pensioners' accounts  
(after all asset based fees)**

<b>Year ending 30 June</b>	<b>Cash</b>	<b>Capital Stable</b>	<b>Smoothed</b>	<b>Growth</b>	<b>Shares</b>	<b>Australian Shares</b>
2010	3.8%	9.6%	8.2%	11.5%	9.8%	14.3%
2009	5.0%	-1.2%	-12.5%	-8.6%	-15.4%	-15.8%
2008	6.9%	-4.9%	-4.0%	-12.3%	-19.1%	-17.0%
2007	5.9%	12.4%	16.5%	15.1%	17.8%	28.2%
2006	5.3%	10.8%	16.5%	14.9%	21.9%	23.3%
3 Year Ave (pa)	5.2%	1.0%	-3.1%	-3.7%	-9.1%	-6.2% <sup>1</sup>
5 Year Ave (pa)	5.4%	5.1%	4.3%	3.4%	1.5%	6.6% <sup>1</sup>
10 Year Ave (pa)	5.1%	5.8%	4.9%	4.2%	1.3%	N/A <sup>1</sup>

(1) The Australian Shares option commenced in February 2005.

**Smoothed option earning rate**

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

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

<b>Year ending 30 June</b>	<b>Earning rate before smoothing applied</b>
2010	8.3%
2009	-10.6%
2008	-5.3%
2007	15.9%
2006	15.9%
3 Year Ave (pa)	-2.8%
5 Year Ave (pa)	4.3%
10 Year Ave (pa)	4.2%

## **Fees and other costs**

### **Consumer Advisory Warning**

**DID YOU KNOW?**

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund 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 may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial advisor.

**TO FIND OUT MORE**

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

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole.

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

Insurance costs are set out in another part of this document.

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

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Type of fee or cost	Amount	How & when paid
<b>Fees when your money moves in or out of the fund.</b>		
Establishment fee: The fee to open your investment.	Nil	N/A
Contribution fee: The fee on each amount contributed to your investment – either by you or your employer.	Nil	N/A
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	N/A
Termination fee: The fee to close your investment.	Nil	N/A
<b>Management costs</b>		
Member fee: This is a member account-keeping fee charged by the fund.	Nil	N/A
Administration fee: This is the fee to cover the general administration of the fund.	<p>The amount may vary from time-to-time depending on the actual running costs of the Fund.</p> <p>An asset base fee of 0.33% per annum, or \$3.30 per year for every \$1,000 in your account, applies for the 2010/2011 financial year. This fee is reviewed annually in July and is based on the actual administration costs incurred during the previous financial year. The fee for the 2011/2012 financial year will be set following the next review.</p> <p>However, this has no impact on any <b>defined benefit</b> portion of your entitlement, as the running costs are factored into the employer's contribution rate.</p>	<p>Deducted from investment earnings before returns are credited to your <b>accumulation account</b>.</p> <p>The fee only affects <b>accumulation accounts</b>, not the defined benefit portion of any entitlement.</p>
Investment management fee: This is the fee for managing the fund's investments (and is charged by the investment managers).	<p>Cash option: approximate fee of 0.00% per annum.</p> <p>Capital Stable option: approximate fee<sup>2</sup> of 0.43% per annum, or \$4.30 per year for every \$1,000 invested.</p> <p>Smoothed option: approximate fee<sup>2</sup> of 0.57% per annum, or \$5.70 per year for every \$1,000 invested.</p> <p>Growth option: approximate fee<sup>2</sup> of 0.57% per annum, or \$5.70 per year for every \$1,000 invested.</p> <p>Shares option: approximate fee<sup>2</sup> of 0.61% per annum, or \$6.10 per year for every \$1,000 invested.</p>	<p>Deducted from investment earnings before returns are credited to your account.</p> <p>All returns declared by the Fund are net of these expenses.</p> <p>No investment management fees are charged directly to your <b>accumulation account</b>.</p>

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Type of fee or cost	Amount	How & when paid
Investment management fee (continued):	Australian Shares option: approximate fee <sup>2</sup> of 0.57% per annum, or \$5.70 per year for every \$1,000 invested.	
Issuer fee: This is the fee for the product issuer's services in overseeing the fund's operations and/or for providing access to the fund's investment options.	Nil	N/A
Expense recoveries: This is an estimate of the out-of-product expenses the trustee is entitled to recover from the fund.	Nil	N/A
<b>Additional service fees<sup>1</sup></b>		
Switching fee: This is the fee charged when you switch between investment options offered by the fund.	Nil – for first four switches each financial year; \$50 per switch – thereafter.	Deducted from your <b>accumulation account</b> at the time of your switch
Adviser service fee: This is the fee charged by your adviser for advice about your investment(s) in the fund.	Nil	N/A

- (1) Fees relating to family law may also be payable. Further details are provided in the “Additional explanation of fees and costs” below. There are no additional fees for pensioners, spouse members or retained benefit members.
- (2) As the investment managers and investment management fees change from time to time it is not possible to determine an exact fee in advance. These fees are based on declared fees and assets invested at 30 June 2010.

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## **Additional explanation of fees and costs**

All fees and charges are current and may be adjusted by the Trustee from time-to-time.

No commissions are paid by the Fund to any person.

**Non-contributing members**, and certain **contributing members** who have transferred to an Accumulation Benefit, may have insurance related benefits for which the cost will be deducted from your **accumulation account**. Refer to the section on Insurance Premiums in this Guide.

Any government taxes payable by the Fund will also be deducted from your contributions or investment returns as appropriate.

### **Fees relating to Family Law**

<b>Type of fee or cost</b>	<b>Amount</b>	<b>How &amp; when paid</b>
Family Law information request: Application for information for family law purposes by non-members	\$165 (incl GST)	Paid by cheque on application.
Flagging or splitting a benefit for family law purposes	Nil	N/A

### **Investment Fees Additional Information**

The Trustee monitors the Fund's investments in various professional investment managers and from time to time may change investment managers. Where this occurs, there may be a difference between the application price when investing in a new investment manager and the withdrawal price. This difference is known as the buy-sell spread and relates to the costs incurred when buying or selling the underlying assets where investments or withdrawals are made. The cost can range from 0.0% to 0.7% of the affected assets (that is, \$0 to \$7 per \$1,000 of affected assets). The costs are paid at the time that the Fund invests or withdraws funds from an investment manager and are deducted from investment earnings prior to returns being credited to your account. Therefore, the cost is an additional cost to the member. The buy-sell spread is paid to the investment manager.

Brokerage refers to fees incurred when trading shares. This fee is incorporated in the buy-sell spread and management costs outlined above.

### **Small Accounts**

In line with government legislation, the Fund protects members with entitlements less than \$1,000 (that is, administration fees will generally not exceed the interest credited to your **accumulation account** in any one year for members with total superannuation entitlements less than \$1,000).

### **Note**

Please be aware that none of the fees are negotiable.

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**Examples of annual fees and costs for the Growth investment option**

The tables below give an example of the fees and costs in the Growth investment option over a one year period for a **non-contributing member**, a **contributing member** and also for a **pension member**. You should use the relevant table to compare this product with other superannuation products.

Suppose you are a **non-contributing member** and your accumulation account balances total \$50,000 with total contributions of \$5,000 to your **accumulation account** during the year.

<b>EXAMPLE 1 – the Growth Investment Option</b>		<b>BALANCE OF \$50,000 WITH TOTAL CONTRIBUTIONS OF \$5,000 DURING YEAR</b>
Contribution Fees	Nil	Not Applicable.
<b>PLUS</b> Management costs	Administration fee: 0.33% per annum Investment management fee: 0.57% per annum	For every \$50,000 you have in the Fund, you will be charged: \$165 in administration fees (0.33%); and \$285 in investment management fees (0.57%).
<b>EQUALS</b> Cost of Fund		If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees of: <b>\$450.00*</b> <b>What it costs will depend on the investment choice you choose.</b>

(\*) Additional fees may apply. Tax and insurance premiums are not included in this example.

The total fee would be \$450.00 (which equates to 0.90% of your **accumulation account** balance). However, the investment management fees are deducted from the Fund's earnings by the investment managers prior to crediting earnings to your **accumulation account**. Administration fees are also deducted from the Fund's earnings prior to crediting earnings to your **accumulation account**.

If you are a **contributing member**, fees will have no impact on your defined benefit, but if you choose to make contributions to an accumulation account fees will apply as above.

Suppose you are a **pension member** and your account balances total \$200,000 (as you have retired, you make no contributions during the year).

<b>EXAMPLE 2 – the Growth Investment Option</b>		<b>BALANCE OF \$200,000</b>
Contribution Fees	Nil	Not Applicable.
<b>PLUS</b> Management costs	Administration fee: 0.33% per annum Investment management fee: 0.57% per annum	For every \$200,000 you have in the Fund, you will be charged: \$660 in administration fees (0.33%); and \$1,140 in investment management fees (0.57%).
<b>EQUALS</b> Cost of Fund		If you balance was \$200,000, then for that year you will be charged fees of: <b>\$1,800.00*</b> <b>What it costs will depend on the investment choice you choose.</b>

(\*) Additional fees may apply. Tax and insurance premiums are not included in this example.

The total fee would be \$1,800.00 (which equates to 0.90% of your **accumulation account** balance). However, the investment management fees are deducted from the Fund's earnings by the investment managers prior to crediting earnings to your **accumulation account**. Administration fees are also deducted from the Fund's earnings prior to crediting earnings to your **accumulation account**.

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**Tax**

Any government taxes payable by the Fund will also be deducted from your contributions or investment returns as appropriate.

You may also have to pay tax when you withdraw money from your superannuation. The amount you pay will depend on your age, the components that make up your withdrawal, the reason for your withdrawal and whether you take the amount as a lump sum or a pension. To find out details on any tax you may need to pay please contact the Fund Secretary.

**Insurance Premiums**

The Fund’s insurance in respect of death and total and permanent disablement cover are currently insured with Hannover Life Re of Australasia Ltd.

Insurance premiums are deducted from the **accumulation account** for:

- **Non-contributing members** who have insurance cover through the Fund; and
- Certain **contributing members** who have transferred their **defined benefit** into their **accumulation account** and still have an insurance component for their death and disablement benefits. The insurance component is the difference between your death or total and permanent disablement benefit and your retirement benefit at any particular time.

No deductions for insurance premiums are made for other **contributing members**.

**Non-contributing members**

The table below shows the amount of death and total and permanent disablement insurance cover that can be purchased by **non-contributing members** for each unit of cover at each age. Each unit of cover costs \$1 per unit per week.

Age next birthday	Amount of Insurance cover	Age next birthday	Amount of Insurance cover
<b>Up to age 30</b>	89,500	<b>48</b>	18,750
<b>31</b>	88,500	<b>49</b>	16,500
<b>32</b>	85,250	<b>50</b>	14,500
<b>33</b>	80,000	<b>51</b>	12,500
<b>34</b>	76,750	<b>52</b>	11,000
<b>35</b>	72,500	<b>53</b>	9,500
<b>36</b>	68,250	<b>54</b>	8,250
<b>37</b>	63,000	<b>55</b>	7,250
<b>38</b>	57,500	<b>56</b>	6,500
<b>39</b>	53,250	<b>57</b>	5,750
<b>40</b>	48,000	<b>58</b>	5,000
<b>41</b>	43,750	<b>59</b>	4,250
<b>42</b>	39,000	<b>60</b>	3,750
<b>43</b>	34,750	<b>61</b>	3,500
<b>44</b>	30,750	<b>62</b>	3,250
<b>45</b>	27,250	<b>63</b>	3,000
<b>46</b>	24,000	<b>64</b>	2,750
<b>47</b>	21,000	<b>65</b>	2,250

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### **Contributing members who have transferred to Accumulation Benefit**

**Contributing members** who choose to transfer to an Accumulation Benefit have usually completed 35 years contributing membership, in which case, the insured portion of the death and total and permanent disablement benefit is nil and no insurance costs apply. However, if you have not completed 35 years contributing membership but are over age 55 and are considering transferring to an Accumulation Benefit, please contact the Superannuation Office for details on the insurance costs that may apply following transfer.

### **Tax deductibility of premium rates**

Please note that although any insurance premiums are tax deductible within your **accumulation account** in the Fund (ie they are used to offset any contributions tax that may be payable on contributions received), you are not eligible to claim a tax deduction on your personal income tax return in respect of any insurance premiums deducted from your **accumulation account**.

### **Eligible Rollover Fund details**

As discussed in Part A of this Guide, the Superannuation Board may transfer your monies to an eligible rollover fund if you have left employment and your superannuation entitlement is less than \$10,000 and you have not responded to the Board's request for payment within 90 days, or if the Board has been unable to contact you for a period of time. Please refer to page 26 in Part A for further information.

The eligible rollover fund currently used by the Superannuation Board is:

**Australian Eligible Rollover Fund**  
39-49 Martin Place  
SYDNEY NSW 2000

Telephone: 1800 677 424 (toll free)

### **Further Information**

Should you have any questions, please contact the Superannuation Office as follows:

Secretary/Manager Fire and Emergency Services Superannuation Fund 242 Rokeby Road Subiaco WA 6008  Telephone: 9382 8444 Facsimile: 9382 8464  Email: <a href="mailto:admin@fessuper.com.au">admin@fessuper.com.au</a>
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