

## Important changes to our administration fee and Cash investment option from 1 July 2021

### WE'RE MAKING TWO CHANGES TO OUR ADMINISTRATION FEE, WHICH WILL INCREASE FROM 1 JULY 2021. WE'RE ALSO MAKING CHANGES TO THE CASH INVESTMENT OPTION.

CareSuper is a top performing super fund and we are committed to providing competitive benefits to our members now and into the future. The need to remain sustainable and to continue providing the services you expect, means we are making some changes to our administration fee structure. This will mean an increase to the amount you pay from 1 July 2021.

#### WHY THE ADMINISTRATION FEE IS CHANGING

We're a profit-to-member industry super fund run only to benefit you, not shareholders. We only charge fees to cover the costs of operating CareSuper. We have not made changes to the fixed dollar component of the administration fee since 2006, and the percentage-based component of the fee since 2017. During that time the operational costs of running CareSuper have increased. Compliance and regulatory costs arising from ongoing government changes to superannuation continue to be significant.

The fee change on 1 July 2021 will assist us to meet these increased costs. It will enable us to continue providing our high standard of service, quality products and competitive member benefits including access to financial advice, a competitive insurance offering and a range of investment options.

#### THE CURRENT ADMINISTRATION FEE

You pay an administration fee to cover the operating and general costs of managing your super account. It is deducted from your account monthly or when you leave CareSuper. CareSuper's current administration fee consists of:

- A fixed fee of \$78 per year, plus
- A percentage-based fee of 0.19% of your account balance.

CareSuper claims a tax deduction on administration expenses that are covered by the \$78 fixed fee. We have been passing this back to members by way of a credit to accounts, saving members up to \$11.70 per year. The percentage-based fee of 0.19% of the account balance currently has an annual limit of \$500.

#### HOW THE ADMINISTRATION FEE IS CHANGING

From 1 July 2021 we are making two changes to the administration fee:

##### 1 The tax deduction benefit, representing 15% of the \$78 fixed fee, will no longer be directly passed back to members' accounts.

The benefit of up to \$11.70 will no longer be credited to your account, but will be used to pay for increased operational expenses. This practice is in line with most other super funds. The \$78 fixed fee will remain otherwise unchanged.

##### 2 The annual limit on the percentage-based fee will increase to \$750

This will bring the annual limit in line with the limit for pension members. It won't affect you until your account balance reaches \$264,000. The percentage-based fee will remain otherwise unchanged.

The administration fee changes are shown here.

Administration fee component	Current fee	Fee from 1 July 2021
Tax deduction benefit representing 15% of the \$78 fixed fee	Up to \$11.70 per year passed back to members' accounts	Up to \$11.70 per year will not be credited to members' accounts
Percentage-based fee cap on accumulation accounts	0.19% of balance, capped at \$500 per year	0.19% of balance, capped at \$750 per year



## EXAMPLE

Joe is an Employee Plan member with an account balance of \$265,000.

### Currently, Joe's annual administration fee is \$566.30

\$78 p.a (fixed fee) + 0.19% x \$265,000 (0.19% of account balance)  
= \$78 + \$503.50

This is reduced to \$78 + \$500 (due to the \$500 fee cap)  
= \$578.

Minus the 15% tax rebate on the \$78 fixed fee.

= \$578 - \$11.70

= **\$566.30**

### From 1 July 2021, Joe's annual administration fee will be \$581.50

\$78 p.a. (fixed fee) + \$503.50 (no reduction as the percentage-based fee is below the \$750 fee cap)

= **\$581.50**

Therefore, the annual cost to administer Joe's super account has increased by \$15.20.



## ELIGIBLE MEMBERS WILL STILL RETAIN THE INSURANCE FEE REBATE

We will continue to pass on the current 15% tax rebate on insurance fees where applicable. This represents a variable saving depending on the cost of your cover.

## CASH INVESTMENT OPTION CHANGE

CareSuper's Cash option currently invests in a mix of cash and short-term money-market securities including at call and term deposits, bank bills, negotiable certificates of deposit, and short-dated floating rate securities issued by Australian and overseas governments, banks and companies.

From 1 July 2021, we're adding short-dated annuities as allowable investments of the Cash option. We're doing this to support the potential for higher returns for members invested in this option. These new cash investments will be managed in line with the current liquidity and risk levels of the Cash option.



## MORE INFORMATION

We're transparent about what it costs to run CareSuper successfully for members. You can find more information about how your fees are used at [caresuper.com.au/governance](https://caresuper.com.au/governance).

You can check if you're currently invested in the Cash investment option in the Investments section of MemberOnline or by calling us. If you're weighing up your investment options, you can access financial advice over the phone as part of your membership.<sup>^</sup> Go to [caresuper.com.au/advice](https://caresuper.com.au/advice) to request a call-back. For more information about CareSuper's investment options, refer to our **Investment Guide** at [caresuper.com.au/investmentguide](https://caresuper.com.au/investmentguide).

## WE'RE HERE TO HELP

If you have questions about the information in this letter or anything to do with your account, call **1300 360 149** from Monday to Friday 8am to 8pm (AET) or send us a message at [caresuper.com.au/getintouch](https://caresuper.com.au/getintouch).



1300 360 149



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