

1 March 2021

The information in this document forms part of the following Product Disclosure Statements:

- HESTA Product Disclosure Statement issued 1 March 2021
- HESTA Personal Super Product Disclosure Statement issued 1 March 2021
- HESTA Corporate Super Product Disclosure Statement issued 1 March 2021

## Did you know?

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

For example, total annual fees and costs of 2% of your account balance, rather than 1%, could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.<sup>†</sup>

## To find out more

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

<sup>†</sup> The inclusion of this statement is a legal requirement. HESTA fees are not negotiable.

## Why are fees and costs important?

When it comes to super, small differences in investment performance and your fund's fees and costs can have a big impact on your account balance. As an industry super fund, HESTA is run only to benefit members. This document outlines the fees and charges that apply to HESTA super, HESTA Personal Super and HESTA Corporate Super accounts.

We offer different products – the HESTA Transition to Retirement Income Stream for members nearing retirement but still working and HESTA Retirement Income Stream for members who have fully retired. For fees and costs relating to these products, go to [hesta.com.au/ispds](https://hesta.com.au/ispds) and read the Product Disclosure Statements.

## Fees and other costs

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the Fund 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. Entry fees and exit fees cannot be charged. Taxes, insurance fees and other costs relating to insurance are set out in other documents that form part of the PDS.

You should read all the information about fees and other costs because it is important to understand their impact on your investment. The fees and costs for the *MySuper* product and each investment option offered by HESTA are set out on the following pages.

Type of fee	Amount	How and when paid
Investment fee <sup>1</sup>	0.73% p.a. – Balanced Growth 0.03% - 1.03% for other investment options <sup>^</sup>	Deducted from investments before earnings are applied
Administration fee <sup>1</sup>	\$1.25 per week plus 0.08% p.a. - Balanced Growth, or 0.10% p.a. - All other options (Subject to a fee cap)*	The Administration fee is deducted at the end of each month or when you close your account and paid into the Fund's Development Reserve
Buy-sell spread	\$0	N/A
Switching fee	\$0	N/A
Advice fees relating to all members investing in HESTA	\$0	N/A
Other fees and costs <sup>2</sup>	See 'Additional explanation of fees and costs' for more information	
Indirect Cost Ratio <sup>1</sup>	0.09% p.a. – Balanced Growth 0% - 0.15% for other investment options <sup>^</sup>	Deducted from investments before earnings are applied

<sup>1</sup> If your account balance for a product offered by HESTA is less than \$6,000 at the end of the HESTA income year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

<sup>2</sup> See 'Additional explanation of fees and costs' section for information about activity fees, insurance fees, and advice fees for personal advice.

\*The percentage based Administration fee is not charged on any amount of your account balance in excess of \$350,000. The maximum fee you may be charged is \$350 p.a.

<sup>^</sup> See page 3 for the Investment fee and Indirect Cost Ratio of each investment option.

\*\*Investment fees and ICRs are indicative only and are based on investment costs for the year ended 30 June 2020, including several components which are estimates only. The actual amount you will be charged in subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs.

## Example of annual fees and costs

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

Example		
Balanced Growth (default option)		Balance of \$50,000
Investment fees	0.73% p.a.	For every \$50,000 you have in Balanced Growth, you will be charged \$365 each year
<b>PLUS</b> Administration fees	\$65 (\$1.25 per week) + \$40 (0.08% of your account balance)	<b>And</b> , you will be charged \$105 in administration fees
<b>PLUS</b> Indirect costs for Balanced Growth	0.09%	<b>And</b> , indirect costs of \$45 each year will be deducted from your investment
<b>EQUALS</b> Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$515 for Balanced Growth*

\*Please note: additional fees may apply.

## Additional explanation of fees and costs

### Defined fees

Fees		Additional information relating to HESTA	
Activity fees			
A fee is an activity fee if:		HESTA has two activity fees	
<div>a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:<div><div>i) that is engaged in at the request, or with the consent, of a member, or</div><div>ii) that relates to a member and is required by law, and</div></div></div> <div>b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an advice fee or an insurance fee.</div>		Activity fee	How and when paid
		Contribution splitting	\$60 deducted from your account when the contribution is split
		Family law account splitting	An \$80 fee is split equally between you and your former spouse (unless your former spouse receives the entire balance in which case the former spouse pays the entire fee), when giving effect to a family law splitting order or agreement
Administration fee			
An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:		The administration fee deducted from your account is paid into the fund development reserve. The Fund pays its administration costs from this development reserve. The Fund claims a tax deduction for administration costs each year. The amount of the deduction is also paid into the fund development reserve.	
<div>a) borrowing costs, and</div> <div>b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product, and</div> <div>c) costs that are otherwise charged as an Investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.</div>			
Advice fee			
A fee is an advice fee if:		The cost of providing advice to HESTA members is included in the administration fee. An advice fee will only be charged for;	
<div>a) 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:<div><div>i) a trustee of the entity, or</div><div>ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity, and</div></div></div> <div>b) those costs are not otherwise charged as an administration fee, an Investment fee, a switching fee, an activity fee or an insurance fee.</div>		<div><div>• Full financial planning. This service is provided in conjunction with Industry Fund Services Limited ABN 54 007 016 195 AFSL 232514 on a fee-for-service basis.</div></div> <div>An advice fee may also be deducted, where you allow, for advice received from an external financial adviser about your HESTA superannuation.</div>	

## Fees

## Additional information relating to HESTA

### 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.

At HESTA, you do not pay any fees for buy-sell spreads.

### Exit fee

An exit fee is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.

HESTA does not have any entry or exit fees.

### 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 fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

### Investment fee

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

- a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b) costs that relate to the investment of assets 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 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 activity fee, an advice fee or an insurance fee.

### Investment fee

The investment fee includes the costs that are paid directly out of the fund in relation to the management of investments. For example, this includes amounts paid to our investment service providers (such as fund managers and the custodian) and amounts paid for investment transaction costs. Investment costs also include costs that are incurred by HESTA'S internal investment team. These costs are allocated on an activity basis primarily determined by underlying management costs. These amounts are paid from the assets of each investment option before we calculate unit prices, and are not deducted directly from your account.

### Indirect cost ratio (ICR)

The ICR includes investment costs that are not paid by HESTA, but rather are incurred indirectly within our investment vehicles. For example, this includes investment transaction costs incurred by our fund managers. These costs are reflected in the return of the investment, and are therefore included in unit prices and are not deducted directly from your account.

### Performance fees

Some of our investment managers can also charge an additional performance fee if their investment returns are above an agreed hurdle (minimum) return. The hurdle return is usually based on the benchmark return for that asset class and investment manager. The performance fee contribute to the investment fee or ICR for each investment option.

Investment option	Investment fee (% p.a.)	ICR (% p.a.)
<b>Ready-Made Options</b>		
Balanced Growth	0.73%	0.09%
Conservative	0.42%	0.03%
Indexed Balanced Growth	0.06%	0.00%
Sustainable Growth	0.82%	0.05%
High Growth	0.79%	0.12%
<b>Your Choice Options</b>		
Cash and Term Deposits	0.03%	0.00%
Diversified Bonds	0.42%	0.00%
Property and Infrastructure	1.03%	0.15%
International Shares	0.56%	0.00%
Australian Shares	0.37%	0.00%

Investment fees and ICRs are indicative only and are based on investment costs for the year ended 30 June 2020, including several components which are estimates only. The actual amount you will be charged in subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs. Fees and costs are rounded to two decimal places.

Indexed Balanced Growth commenced on 1 October 2020 so the values shown here are estimates only.

Fees	Additional information relating to HESTA
<p><b>Insurance fee</b></p> <p>A fee is an insurance fee if:</p> <ol style="list-style-type: none"> <li>the fee relates directly to either or both of the following: <ol style="list-style-type: none"> <li>insurance fees paid by the trustee, or the trustees, of a superannuation entity in relation to a member or members of the entity,</li> <li>costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the provision of insurance for a member or members of the entity, and</li> </ol> </li> <li>the fee does not relate to any part of a fee paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk, and</li> <li>the fees and costs to which the fee relates are not otherwise charged as an administration fee, an Investment fee, a switching fee, an activity fee or an advice fee.</li> </ol>	<p>Your insurance fee will depend on the type of insurance you have. For more information about insurance see <i>Insurance options</i> at <a href="https://hesta.com.au/pds">hesta.com.au/pds</a> or <i>HESTA Corporate Super Insurance Guide</i> at <a href="https://hesta.com.au/corporatesuper">hesta.com.au/corporatesuper</a></p>
<p><b>Switching fee</b></p> <p>A switching fee for a <i>MySuper</i> product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.</p> <p>A switching fee for a superannuation products other than a <i>MySuper</i> product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.</p>	<p>At HESTA, you do not pay any fees for switching investment options.</p>

## Transactional and operational costs

Each investment option incurs transactional and operational costs related to the type and complexity of the assets invested in.

Transactional and operational costs are an additional cost to members. These costs may be deducted from investments before earnings are applied, or may reduce the earnings distributed to the Fund from an interposed vehicle, and are not directly charged to members. There are two types of transactional and operational costs; explicit and implicit.

### Explicit costs

Explicit transactional and operational costs are included in the Investment fee or ICR and can include:

- brokerage
- buy-sell spread
- settlement costs (including custody costs)
- clearing costs
- stamp-duty on an investment transaction
- costs incurred in or by an interposed vehicle that would be transactional and operational costs if incurred by the Fund.

### Implicit costs

Implicit transactional and operational costs are costs that are embedded into the purchase or sale price of assets such as bid-ask spreads. These costs are not included in the Investment fee or ICR.

## Property operating costs

Property operating costs are not included in the Investment fee or ICR. Property operating costs are a transactional and operational cost that relates to property investments and includes costs in the ongoing management of a property. For example, land tax, repairs and maintenance, management fees, insurance, landscaping, leasing expenses. These costs are an additional cost to members and not included in the Investment fee or ICR. Some Property operating costs may be recovered from revenue of the property investment. Property operating costs may reduce the earnings from the property investment that are distributed to the Fund, and are not directly charged to members.

## Borrowing costs

Borrowing costs are incurred through interposed vehicles that the Fund invests in and include costs related to: interest, establishment fees, commitment fees, line fees, administrative fees and margining fees. These costs are an additional cost to members and not included in the Investment fee or ICR. Borrowing costs are paid from the interposed vehicle and reduce the earnings distributed to the Fund, and are not directly charged to members.

## Estimated property operating costs, borrowing costs, transactional and operational costs and performance fees

Investment options	Property operating costs (% p.a.)	Borrowing costs (% p.a.)	Transactional and operational costs - explicit (% p.a.)	Transactional and operational costs - implicit (% p.a.)	Performance fee (% p.a.)
<b>Ready-Made Options</b>					
Balanced Growth	0.11%	0.06%	0.16%	0.19%	0.11%
Conservative	0.12%	0.06%	0.11%	0.16%	0.05%
Indexed Balanced Growth	0.00%	0.00%	0.00%	0.00%	0.00%
Sustainable Growth	0.04%	0.06%	0.09%	0.23%	0.42%
High Growth	0.11%	0.06%	0.16%	0.19%	0.17%
<b>Your Choice Options</b>					
Cash and Term Deposits	0.00%	0.00%	0.01%	0.00%	0.00%
Diversified Bonds	0.00%	0.00%	0.05%	2.08%	0.00%
Property and Infrastructure	0.57%	0.33%	0.41%	0.00%	0.18%
International Shares	0.00%	0.00%	0.06%	0.47%	0.20%
Australian Shares	0.00%	0.00%	0.10%	0.25%	0.01%

Property operating costs, borrowing costs, transactional and operational costs and performance fees are indicative only and are based on investment costs for the year ended 30 June 2020, including several components which are estimates only. The actual amount you will be charged in subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs.

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### Taxation

HESTA is able to claim a tax deduction for certain costs of operating the fund. When the fund receives a tax deduction for insurance costs, the benefit of the deduction is passed on to members in the form of reduced insurance fee. All other tax deductions are retained in the fund development reserve for the benefit of the membership as a whole.

For more information on taxation and your super, see *How super is taxed* at [hesta.com.au/pds](https://hesta.com.au/pds)

### Changes to fees and costs

We reserve the right to change fees and costs at any time without members' consent. We will notify you 30 days in advance of fee changes, except where the increase is a result of increased costs, in which case we will notify you as soon as practicable after those costs are known.

## contact us

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