



# Super Member Guide

## Fees and costs

1 October 2021



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super**

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The information in this document forms part of the Super Member Guide – Product Disclosure Statement. Issued 1 October 2021 for the Labour Union Co-operative Retirement Fund (LUCRF Super) USI LUC0001AU ABN 26 382 680 883 by the Trustee of the Fund, L.U.C.R.F Pty Ltd ABN 18 005 502 090 AFSL 258481.



You should read the information in this document as well as the Super Member Guide – Product Disclosure Statement (PDS), Super Member Guide – Additional Information, Insurance Guide, Investment Guide and Financial Services Guide (FSG), before making a decision to invest. All documents are available at [lucrf.com.au](http://lucrf.com.au) or by calling 1300 130 780. The information in this document is general only and does not take into account your personal financial situation, objectives or needs. It is essential that you read the PDS and FSG and consider obtaining financial advice tailored to your own circumstances before making a decision about the Fund.

Ratings (awards) are only one factor to be taken into account when deciding whether to join LUCRF Super. Visit [lucrf.com.au](http://lucrf.com.au) or call 1300 130 780 to find out more. The Trustee holds Australian Financial Services Licence No. 258481 which authorises it to provide personal financial advice.

This Fees and Costs guide, the PDS, the Super Member Guide – Additional Information, the Insurance Guide, the Investment Guide and the FSG do not take the place of the Trust Deed, which is a legal document governing the operation of the Fund.

The Trust Deed is binding on the Trustee, all contributing employers and all members of the Fund. A copy of the Trust Deed and Rules is available at [lucrf.com.au](http://lucrf.com.au). Information contained in this document, the PDS and the FSG is current at the date of preparation.

The Target Market Determination (TMD) for this product is available at [lucrf.com.au/TMD](http://lucrf.com.au/TMD).

## Changes and updates

Information contained in this Fees and Costs Guide may change from time to time. Where advance notice is not required or is otherwise impossible, information on changes will be provided as soon as practicable following the change. The most up-to-date copy of this document is available by contacting LUCRF Super on 1300 130 780 or at [mypartner@lucrf.com.au](mailto:mypartner@lucrf.com.au), or by visiting [lucrf.com.au](http://lucrf.com.au).

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## Contact us

 1300 130 780

 [lucrf.com.au](http://lucrf.com.au)

**It's important that you understand the impact of fees and costs on your super benefit and on your long-term returns.**



# Fees and costs – an overview

Fees and other costs that you may be charged are outlined here. These may be deducted from your account, from the returns on your investment, or from Fund assets as a whole.

Costs such as insurance premiums and fees for personal advice may also be charged. These will depend on the nature of the insurance or advice chosen by you.

## Important

Taxes related to your super are explained in the 'How super is taxed' section of the Super Member Guide – Additional Information. Insurance costs are outlined in our Insurance Guide. Both publications are available at [lucrf.com.au](http://lucrf.com.au) or by calling **1300 130 780**.

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

**Please note that the fees you pay are net of tax.**

## Our administration fees

Our administration fee has two components:

1. a **fixed fee** of \$1.50 per week net of tax (\$1.76 per week gross of tax). The fee net of tax is the amount that's actually deducted from your account on a quarterly basis
2. a percentage-based **variable fee** of 0.18% net of tax (0.21% gross of tax) per annum. This is calculated on your daily account balance and is deducted from your account on a monthly basis. An upper variable administration fee cap of \$495 per annum applies to all accounts, regardless of balance.

## Fees for financial advice

Our experienced financial advisers can generally provide simple advice relating to super and pensions free of charge. All of our advisers are salaried employees of the Fund and don't receive bonuses or commissions.

## Our investment fees

Investment fees are deducted from the investment earnings of the Fund, not from your account balance. These fees cover investment management, asset custody, and other related costs. The investment fees are regularly reviewed and may change from time to time.

### Indirect cost ratio

Government regulations require all super funds to disclose indirect costs (known as the 'indirect cost ratio' or 'ICR') that relate to the costs of managing investments, such as transaction costs. These costs do not change our net investment returns.

The ICR is not a dollar-based fee and is not deducted directly from your account balance. Instead, it represents indirect costs incurred by our investment managers in generating the Fund's net investment earnings. The ICR is calculated based on costs incurred in the previous financial year and is likely to change each year. See page 8 for each investment option's ICR for the 2020/21 financial year.

### Transactional and operational costs

Included in the ICR are transactional and operational costs incurred by the underlying investment managers when buying and selling investments. They may include costs such as brokerage, settlement costs (including settlement-related custody costs), stamp duty on investment transaction costs and clearing costs.

These costs will differ between investment options. They'll be influenced by numerous factors, including:

- the complexity of investments involved in transactions
- the different asset classes and investment managers that make up the investment option(s) involved in the transaction
- the time and cost of services provided in relation to the processing of investment transactions.

Based on information provided by managers we invest with, estimated transactional and operational costs incurred in the Fund's underlying investments range from 0.00% to 0.10% p.a. (based on the experience of the Fund's investments for the year ending 30 June). See page 9 for the transactional and operational costs included in each investment option's ICR for the 2020/21 financial year.

### Buy/sell spread

We don't charge buy/sell spreads.

# Good news!

We're committed to keeping fees as low as possible so our members can get the most out of their super. That's why we're proud to say that our fixed admin fee has stayed at the same low rate for nine years, and our variable admin fee hasn't changed since it was introduced two years ago.

We also have a 3% total fee cap for members with a balance below \$6,000 (as per the Federal Government's *Protecting Your Super Package* reforms), and a variable admin fee cap of \$495 per annum regardless of your balance.



## Fees and costs – an overview

### Fee changes

All fees are current at the time of publication and may be revised or adjusted by us at any time without your consent. If there's a new or increased fee, we'll notify all members at least 30 days in advance of the change commencing.

### Reserves policy

The following reserves are maintained.

#### Capital adequacy reserve

The capital adequacy reserve provides access to adequate financial resources in the event of non-operational risk events and/or other major infrastructure projects in accordance with the Fund's reserves strategy.

#### Operational risk financial reserve

The Fund's operational risk financial reserve is invested in the MySuper Balanced option. It's funded up to the target level determined by the Trustee in accordance with its reserve strategy and Australian Prudential Regulation Authority (APRA) requirements. It's maintained to ensure that the Fund has access to adequate financial resources in the event of losses arising from an operational risk event.

### 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 account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (e.g. 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. Your employer may be able to negotiate to pay lower administration fees. Ask the fund or your financial adviser.

#### To find out more

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

\*This consumer advisory warning is a government-prescribed warning for every product disclosure statement and is not relevant to LUCRF Super in relation to negotiating fees. The fees for LUCRF Super are the same for all members and cannot be negotiated.



# Fees and costs tables

These tables show fees and other costs that you may be charged. The costs may either be deducted from your super account, from the returns on your investment or from the assets of the Fund as a whole.

## Administration and activity fees and costs

Type of fee or cost	Amount	How and when paid
<b>Administration fee</b>	\$1.50 per week (\$1.76 per week gross of tax) <i>plus</i> 0.18% (0.21% gross of tax) per annum of your account balance Note: An upper variable administration fee cap of \$495 per annum applies to all accounts, regardless of balance. This means that if your account balance is greater than \$275,000, your variable admin fee will be capped at \$495.	The <b>fixed fee</b> of \$1.50 per week is deducted from your account balance on a quarterly basis. The <b>variable fee</b> of 0.18% per annum is calculated on your daily account balance and deducted from your account on a monthly basis. Both fees are calculated on a pro rata basis when you close your account.
<b>Switching fee</b>	Nil	Not applicable
<b>Family law split fee</b>	\$136 (\$160 gross of tax)	This fee of \$136 is evenly split between your account and your spouse's account when the split is made.
<b>Contribution/transfer-in fee</b> The fee on each amount contributed to your account by you, your employer or a rollover from another fund.	Nil	Not applicable
<b>Family law enquiry fee</b>	\$33	This is charged to the non-member spouse for a request for information (Form 6 Declaration) under the <i>Family Law Act</i> .

Note: All fee calculations are inclusive of GST.

For information related to fees for financial advice, please refer to page 4.

## Fees and costs tables

### Investment fees and costs

These vary according to your chosen investment choice.

Type of fee or cost	Amount			How and when paid	
<b>Investment fee</b> The fees and costs for managing your investment	<b>Pre-mixed options</b>		<b>% p.a. (net of tax)</b>	This fee (net of tax) is deducted from the gross earnings of the Fund, not directly from your account.	
	MySuper Balanced (default)		0.25		
	High Growth		0.28		
	Indexed Balanced		0.06		
	Moderate		0.22		
	Conservative		0.18		
	<b>Asset class options</b>		<b>% p.a. (net of tax)</b>		<b>% p.a. (gross of tax)</b>
	Australian Shares (Active)		0.27		0.33
	International Shares (Active)		0.36		0.43
	Australian Shares (Indexed)		0.07		0.08
	International Shares (Indexed)		0.07		0.08
	Property		0.18		0.21
	Cash		0.02		0.03
	<b>Indirect cost ratio (ICR)</b> These costs include estimated transactional and operational costs (as detailed on the next page) and performance-related fees.	<b>Pre-mixed options</b>			<b>% p.a.</b>
MySuper Balanced (default)			0.26		
High Growth			0.26		
Indexed Balanced			0.00		
Moderate			0.25		
Conservative			0.23		
<b>Asset class options</b>		<b>% p.a.</b>			
Australian Shares (Active)			0.03		
International Shares (Active)			0.04		
Australian Shares (Indexed)			0.00		
International Shares (Indexed)			0.00		
Property			0.00		
Cash			0.00		
<b>Buy/sell spread</b>		Nil		Not applicable	

## Fees and costs tables

### Transaction and operational costs

Each investment option incurs transactional and operational costs to different extents. These typically include items such as:

- brokerage
- stamp duty
- settlement and clearing costs
- buy/sell spreads
- market impact
- borrowing and property operating costs for options which invest in property-related interposed vehicles.

Type of fee or cost	Amount	
<b>Transactional and operational costs</b> These costs are reflected in the calculation of unit prices by the Fund's investment managers.	<b>Pre-mixed options</b>	<b>% p.a.</b>
	MySuper Balanced (default)	0.07 (0.03 of which has already been included in the ICR)
	High Growth	0.10 (0.04 of which has already been included in the ICR)
	Indexed Balanced	0.00 (0.00 of which has already been included in the ICR)
	Moderate	0.09 (0.04 of which has already been included in the ICR)
	Conservative	0.07 (0.03 of which has already been included in the ICR)
	<b>Asset class options</b>	<b>% p.a.</b>
	Australian Shares (Active)	0.03 (0.03 of which has already been included in the ICR)
	International Shares (Active)	0.04 (0.04 of which has already been included in the ICR)
	Australian Shares (Indexed)	0.00 (0.00 of which has already been included in the ICR)
	International Shares (Indexed)	0.00 (0.00 of which has already been included in the ICR)
	Property	0.00 (0.00 of which has already been included in the ICR)
	Cash	0.00 (0.00 of which has already been included in the ICR)

**Borrowing costs** may be incurred where money is borrowed to buy an asset, or through interposed vehicles in which we invest. An interposed vehicle is an intermediary through which we invest. For example, if we invest in property through a property investment trust, the property trust is an interposed vehicle.

Borrowing costs are deducted from the assets or income of the relevant underlying investment option before returns are allocated to that option. They're included in the calculation of unit prices and are not deducted directly from your account. For the 2020/21 financial year, these costs only applied to the diversified investment options of MySuper Balanced (0.06% p.a.), Conservative (0.07% p.a.), Moderate (0.08% p.a.) and High Growth (0.09% p.a.).

**Property operational costs** are expenses related to real property and can include council rates, water rates and utilities. They do not relate to the acquisition or disposal of real property, and are not management costs. These costs are included in the calculation of unit prices and are not deducted directly from your account. For the 2020/21 financial year, these costs only applied to the diversified investment options of MySuper Balanced (0.09% p.a.), Conservative (0.06% p.a.), Moderate (0.09% p.a.) and High Growth (0.10% p.a.).

# Defined fees

Type of fee or cost	Definition
<b>Activity fee</b>	<p>A fee that relates to costs incurred by the trustee, or the trustees, of a superannuation entity that are directly related to an activity of the trustee, or the trustees:</p> <ul style="list-style-type: none"> <li>• that is engaged in at the request, or with the consent of a member, or</li> <li>• that relates to a member and is required by law, and</li> </ul> <p>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.</p>
<b>Administration fee</b>	<p>A fee that relates to the administration or operation of a superannuation entity and includes costs incurred by the trustee, or the trustees, of the entity that:</p> <ul style="list-style-type: none"> <li>• relate to the administration or operation of the entity, and</li> <li>• are not otherwise charged as an investment fee, a buy/sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.</li> </ul>
<b>Advice fee</b>	<p>A fee that relates directly to costs incurred by the trustee, or the trustees, of a superannuation entity because of the provision of financial product advice to a member by:</p> <ul style="list-style-type: none"> <li>• the trustee of the entity, or</li> <li>• another person acting as an employee of, or under an arrangement with, the trustee or trustees of the entity, and</li> </ul> <p>those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.</p>
<b>Buy-sell spread</b>	<p>A fee to recover transaction costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the sale and purchase of assets of the entity.</p>
<b>Exit fee</b>	<p>The trustee, or the trustees, of a regulated superannuation fund or an approved deposit fund must not charge exit fees, except in circumstances prescribed by the regulations.</p> <p>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.</p>
<b>Indirect cost ratio (ICR)</b>	<p>The 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.</p> <p>Note: A dollar-based fee deducted directly from a member's account is not included in the ICR.</p>

## Defined fees

Type of fee or cost	Definition
<b>Insurance fee (premiums)</b>	<p>A fee that relates directly to either or both of the following:</p> <ul style="list-style-type: none"><li>• insurance premiums 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<ul style="list-style-type: none"><li>– the fee does not relate to any part of a premium 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 premiums 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></ul></li></ul>
<b>Investment fee</b>	<p>A fee that relates to the investment of the assets of a superannuation entity and includes:</p> <ul style="list-style-type: none"><li>• fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees), and</li><li>• costs incurred by the trustee, or the trustees, of the entity that:<ul style="list-style-type: none"><li>– relate to the investment of assets of the entity, and</li><li>– are not otherwise charged as an administration fee, a buy/sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.</li></ul></li></ul>
<b>Switching fee</b>	<p>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>

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