

# fees and costs

30 September 2023

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

- HESTA Product Disclosure Statement issued 30 September 2023
- HESTA Personal Super Product Disclosure Statement issued 30 September 2023
- HESTA Corporate Super Product Disclosure Statement issued 30 September 2023

## 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>1</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) MoneySmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options.

<sup>1</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](http://hesta.com.au/ispds) and read the Product Disclosure Statement.

## 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 money, 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. Entry 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 other costs for the *MySuper* product (Balanced Growth) and each investment option offered by HESTA are set out on the following pages.

## Fees and costs summary

HESTA, HESTA Personal Super and HESTA Corporate Super		
Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>1</sup></b>		
<b>Administration fees and costs</b>	\$1.00 per week plus 0.15% p.a. of your account balance (subject to fee cap)*	The \$1.00 is calculated weekly and the 0.15% is calculated on the closing balance of your account at the end of each month. Both fees are deducted from your account on the last Friday of each month and when you close your account. *The percentage-based administration fees and costs is not charged on any amount of your account balance in excess of \$500,000.
	plus 0.04% p.a.	Additional administration costs may be paid from fund assets, not your account. The amount shown is based on the costs deducted for the 12 months to 30 June 2023.
<b>Investment fees and costs<sup>2</sup></b>	0.61% - Balanced Growth 0.01% - 0.95% for other investment options	Deducted from the valuation of investments before daily unit prices are calculated.
<b>Transaction costs</b>	0.05% - Balanced Growth 0% - 0.09% for other investment options	Deducted from the valuation of investments before daily unit prices are calculated.
<b>Member activity related fees and costs</b>		
<b>Buy-sell spread</b>	\$0	N/A
<b>Switching fee</b>	\$0	N/A
<b>Other fees and costs<sup>3</sup></b>	Activity fees, advice fees for personal advice and insurance fees may apply.	

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

2 Investment fees and costs includes an amount of 0% - 0.45% for performance fees. The calculation basis for this amount is set out under 'Additional explanation of fees and costs'.

3 See 'Additional explanation of fees and costs' for more information.

### Example of annual fees and costs for a superannuation product

This table gives an example of how the ongoing annual fees and costs for Balanced Growth (HESTA MySuper) for this superannuation product can affect your superannuation investment over a 1-year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE Balanced Growth (HESTA MySuper)		BALANCE of \$50,000
Administration fees and costs	\$1.00 per week. (usually \$52 p.a.) <sup>1</sup> plus 0.15% p.a. of your account balance plus 0.04% p.a. paid from fund assets	For every \$50,000 you have in Balanced Growth, you will be charged or have deducted from your investment <b>\$95<sup>2</sup></b> in administration fees and costs, plus <b>\$52<sup>1</sup></b> regardless of your balance.
<b>PLUS</b> Investment fees and costs	0.61% p.a.	<b>And</b> , you will be charged or have deducted from your investment <b>\$305</b> in investment fees and costs
<b>PLUS</b> Transaction costs	0.05% p.a.	<b>And</b> , you will be charged or have deducted from your investment <b>\$25</b> in transaction costs
<b>EQUALS</b> Cost of product		If your balance was \$50,000, at the beginning of the year, then for that year you will be charged fees and costs of <b>\$477<sup>3</sup></b> for Balanced Growth

1 In years where 53 Fridays occur, the annual fee will be \$53.00.

2 This amount includes \$20 paid from fund assets (the Fund Development Reserve) and not your account.

3 Additional fees may apply.

## Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your superannuation investment over a 1-year period for all superannuation products and investment options. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product information assumes a balance of \$50,000 at the beginning of the year. (Additional fees such as buy-sell spread may apply, refer to the Fees and costs summary for the relevant superannuation product or investment option.)

You should use this figure to help compare superannuation products and investment options.

Investment options	Cost of product
<b>Ready-Made Options</b>	
Balanced Growth	\$477
Conservative	\$357
Indexed Balanced Growth	\$172
Sustainable Growth	\$642
High Growth	\$557
<b>Your Choice Options</b>	
Cash and Term Deposits	\$152
Diversified Bonds	\$287
Property and Infrastructure	\$607
International Shares	\$352
Australian Shares	\$247

## Additional explanation of fees and costs

### Administration fees and costs

The administration fees and costs deducted from your account are paid into the Fund Development Reserve. The Fund claims a tax deduction for administration costs each year. The benefit of the tax deduction is also retained in the Fund Development Reserve.

The Fund pays its administration costs (including a trustee fee) from the Fund Development Reserve. In some years the amount deducted from the Fund Development Reserve may exceed the amount paid into this reserve. For the 12 months to 30 June 2023, this excess amount is determined to be 0.04% p.a of funds under management, which was paid from the Fund Development Reserve, and not deducted from member accounts.

### Investment fees and costs

Investment fees and costs are deducted from the valuation of investments before daily unit prices are calculated, and are not deducted directly from your account.

The investment fees and costs includes amounts that are paid directly out of the fund and through underlying investment vehicles in relation to the management, monitoring and safe keeping of investments. These fees and costs include amounts paid to our investment service providers directly, to those managing and monitoring the underlying assets in the investment vehicles we invest in and also to HESTA's internal investment team and the people, data and systems that support them. Fees and costs are generally apportioned to the asset class where they are incurred.

### Performance fees

Performance fees are included in investment fees and costs. Performance fees may be paid directly by the Fund or by an investment vehicle in which we invest.

Performance fees are calculated on an accruals basis.

Typically, performance fees are paid if a manager's returns are above an agreed hurdle (minimum) return, in excess of an agreed benchmark, and may include a negative amount if performance is below the required level in any particular year.

The total of all performance fees attributable to an investment option is included in the investment fees and costs. Where the overall performance fee is negative, we disclose the value as zero and capture it as part of the investment fees and costs as a zero value. In reality a negative performance fee will reduce the investment fees and costs.

The table on page 4 shows the estimated average performance fee over the past five financial years ended 30 June 2023 for each investment option.

Investment options	Performance fee
<b>Ready-Made Options</b>	
Balanced Growth	0.22%
Conservative	0.06%
Indexed Balanced Growth	0.00%
Sustainable Growth	0.45%
High Growth	0.35%
<b>Your Choice Options</b>	
Cash and Term Deposits	0.00%
Diversified Bonds	0.00%
Property and Infrastructure	0.18%
International Shares	0.14%
Australian Shares	0.01%

### Transaction costs

Transaction costs are deducted from the valuation of investments before daily unit prices are calculated. They may be paid directly by the fund or may reduce the earnings distributed to the Fund from an interposed vehicle.

Transaction costs are associated with acquiring or disposing investments. Each investment option incurs transaction costs related to the type and complexity of the assets invested in.

Transaction costs can include:

- brokerage which represents a service charge levied by external brokers for facilitating transactions;
- buy-sell spread which is charged to HESTA in the buying and selling of assets;
- settlement costs which are expenses incurred to finalise a transaction;
- clearing costs which represents a service charge for accessing clearing services;
- stamp-duty which is a tax that governments charge for certain documents and transactions; and
- costs incurred in or by an interposed vehicle that would be a transaction cost if incurred by the Fund.

Transaction costs are not directly charged to members but are an additional cost to the member if not recovered in the form of a buy-sell spread fee. HESTA does not charge a buy-sell spread fee to its members.

### Investment fees and costs and transaction costs for each investment option

Investment options	Investment fees and costs (%)	Transaction costs (%)	Total investment fees and costs and transaction costs (%)
<b>Ready-Made Options</b>			
Balanced Growth	0.61%	0.05%	0.66%
Conservative	0.39%	0.03%	0.42%
Indexed Balanced Growth	0.04%	0.01%	0.05%
Sustainable Growth	0.95%	0.04%	0.99%
High Growth	0.77%	0.05%	0.82%
<b>Your Choice Options</b>			
Cash and Term Deposits	0.01%	0.00%	0.01%
Diversified Bonds	0.28%	0.00%	0.28%
Property and Infrastructure	0.83%	0.09%	0.92%
International Shares	0.37%	0.04%	0.41%
Australian Shares	0.16%	0.04%	0.20%

Investment fees and costs and Transaction costs are indicative only and are based on investment costs for the year ended 30 June 2023, and include several components which are estimates including performance fees which are required to be disclosed as an average over the past five financial years. The actual amount you will be charged in this, and 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.

### **Advice fee**

The cost of H.E.S.T. Australia Ltd representatives providing most advice to HESTA members in relation to their benefits in HESTA (intrafund advice) is included in the administration fees and costs. For more information on intrafund advice services, go to [hesta.com.au/advice](https://hesta.com.au/advice)

However, a \$300 advice fee will be charged for advice in relation to the commencement of an income stream(s) provided by H.E.S.T. Australia Ltd representatives tailored to your individual circumstances. A \$500 advice fee will be charged for advice tailored to you and your spouse's circumstances in relation to the commencement of an income stream(s). The initial consultation is at no additional cost to you and the cost of this advice will be deducted from your account(s).

HESTA may also refer you to a third party advice provider that can provide you with comprehensive financial planning advice on a fee-for-service basis. The cost of this advice is agreed with you in advance.

Advice and financial planning fees may be partially or fully deducted directly from your HESTA account, depending on the nature of the advice provided to you.

If you receive financial advice from an external provider, HESTA will, with your consent, allow for an advice fee to be deducted from your account, if it complies with superannuation law and the advice is in relation to your HESTA account(s).

H.E.S.T. Australia Ltd representatives and employees are paid a salary, and do not receive commissions for the advice provided to you.

### **Insurance fee**

Your insurance fees in HESTA will depend on the type of insurance you have. For more information about insurance see *Insurance options* at [hesta.com.au/pds](https://hesta.com.au/pds) or *HESTA Corporate Super Insurance Guide* at [hesta.com.au/corporatesuper](https://hesta.com.au/corporatesuper)

### **Switching fees**

At HESTA, you do not pay any fees for switching investment options.

### **Buy-sell spreads**

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

### **Exit fees**

HESTA does not have any entry or exit fees.

### **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 in respect of HESTA accounts, the benefit of the deduction is passed on to

insured HESTA members in the form of a reduction in the tax on contributions payable. For a tax deduction received on investment fees and costs and transaction costs, the benefit of the deduction is passed on to members through investment earnings before the unit price is calculated. Other tax deductions are retained in the fund development reserve which supports the financial costs of operating the fund.

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. Where there is an increase in fees, we will notify you at least 30 days before the increase. Where there is an increase in costs not charged directly to your account, we will notify you as soon as practicable after those costs are known.

## **Defined fees**

### **Activity fees**

A fee is an activity fee if:

- a) 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
- b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, transaction costs, a buy-sell spread, a switching fee, an advice fee or an insurance fee.

### **Administration fees and costs**

Administration fees and costs are fees and costs that relate to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:

- a) relate to the administration or operation of the entity; and
- b) are not otherwise charged as investment fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

### **Advice fees**

A fee is an advice fee if:

- 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:
  - 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
- b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, a switching fee, an activity fee or an insurance fee.

### **Buy-sell spreads**

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

### **Investment fees and costs**

Investment fees and costs are fees and costs that relate 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 incurred by the trustee of the entity that:
  - i) relate to the investment of assets of the entity; and
  - ii) are not otherwise charged as administration fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

### **Switching fees**

A switching fee for a MySuper 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.

A switching fee for a superannuation product 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 investment option or product in the entity to another.

### **Transaction costs**

Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy-sell spreads.

## **contact us**

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