Australian Government

Commonwealth Superannuation Corporation

Product Disclosure Statement

Ninth edition,

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Contents

CSC – Military Super

Military Superannuation & Benefits Scheme

Military Superannuation and Benefits Scheme (MilitarySuper, or the Fund, ABN 50 925 523 120, RSE: R1000306) is a superannuation fund for current and former Australian Defence Force members.

MilitarySuper is issued by Commonwealth Superannuation Corporation (CSC, we or us, ABN 48 882 817 243, AFSL 238069, RSEL L0001397).

To know more about us and to see other documents we have to disclose under law, csc.gov.au/militarysuper

Important note about this Product Disclosure Statement (PDS)

This PDS is a summary of significant information and contains a number of references to important information in other documents. Information referred to with an exclamation mark also forms part of the PDS. You should also consider that information before making a decision about MilitarySuper. Other documents that are referred to in this PDS without an exclamation mark do not form part of this PDS.

Any information in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS may change from time to time. Information that is not materially averse to you may be updated on our website, csc.gov.au/militarysuper-pds. or contact us on **1300 006 727** for a free copy.

The offer to which this document relates is available only to persons eligible to become a member of MilitarySuper under the *Military Superannuation and Benefits Act 1991*, receiving this document (electronically or otherwise) in Australia.

1. About MilitarySuper

About CSC

We've spent decades growing the super of current and former Australian Government and Defence Force employees. We use our experience to plan and pursue a better-funded retirement for you. You can find important information, including our Trust Deed, Annual Report and remuneration for executive officers, at csc.gov.au/About-CSC.

About MilitarySuper

MilitarySuper was established under the *Military Superannuation and Benefits Act 1991*, exclusively for serving members of the Australian Defence Force (ADF). It is a hybrid scheme, meaning it has a combination of both defined benefits and accumulation components. Membership of MilitarySuper closed to new members on 30 June 2016. However, from 1 July 2016, if you were previously a member of MilitarySuper and you still have an amount of your Employer Benefit preserved in MilitarySuper, you will be required to rejoin MilitarySuper in the event that you return to the ADF through the Permanent Forces or as a continuous full-time Reservist.

MilitarySuper has four investment options—Cash, Income Focused, Balanced and Aggressive. In addition to your MilitarySuper Retirement Benefit, MilitarySuper offers death and invalidity benefits at no cost. For more information see **section 3**. **Benefits of investing with MilitarySuper**.

From 1 July 2016, as a contributing member of MilitarySuper you can elect to opt out of MilitarySuper and join the Australian Defence Force Superannuation Scheme (ADF Super) or any other fund of your choice. If you choose to transfer to ADF Super, you will not be able to re-join MilitarySuper and your Employer Benefit will remain compulsorily preserved in MilitarySuper until you are at least 55 and have retired from the ADF. For more information and for a copy of the ADF Super PDS and Target Market Determination (TMD), go to csc.gov.au/pds. You should consider the ADF Super PDS and TMD before making a decision to acquire, or continue to hold, an interest in ADF Super.

2. How super works

The government provides tax savings in relation to super. For more information, go to section **7. How super is taxed**.

Superannuation (super) is a long-term way to save for your retirement which is, in part, compulsory and most people have the right to choose the superannuation entity into which their employer should direct their superannuation guarantee contributions.

Putting money into your super

As a MilitarySuper contributing member, you generally must contribute at least 5% of your super salary (these contributions are called your member contributions). You may increase your contributions up to a maximum of 10%, in multiples of 1%. You cannot change your rate of contributions more than once every three months. Contributions above 5% will increase your Member Benefit but will not have any effect on the corresponding employer (productivity) contributions. Whatever rate you choose, your contributions will be deducted automatically from your pay every fortnight.

You may also choose to make other contributions, including additional personal contributions, salary sacrifice contributions and spouse contributions, into MilitarySuper. These additional contributions are known as ancillary contributions. If you wish to pay more, make other types of contributions or find out more information, you should obtain a copy of the relevant form or factsheet from csc.gov.au and advise your pay office.

Your member contributions and investment earnings on these contributions form your Member Benefit. Additional personal contributions, salary sacrifice contributions, government co-contributions, low income superannuation tax offset (LISTO), super guarantee (SG) top up payments and interest on these amounts form your Ancillary Benefit. Generally speaking, the value of your Member and Ancillary Benefit will increase with positive investment returns and decrease if there are negative investment returns. Your member and ancillary benefits are both payable as a lump sum. You can choose to invest these contributions in the **Cash**, **Income Focused**, **Balanced** and **Aggressive** investment options to suit your goals and risk tolerance.

Defence, as part of your employer contributions, pays productivity contributions at a rate of 3% of your super salary. These productivity contributions plus investment returns form a funded part of your Employer Benefit. However, the majority of your Employer Benefit is unfunded, and is paid by the Australian Government when your Employer Benefit becomes payable. As the calculation of your Employer Benefit when you transition out of the ADF is defined by a set formula, it is unaffected by investment returns. The unfunded Employer Benefit may be payable as a pension or lump sum, or combination of a pension and a lump sum. The total value of the Employer Benefit is determined as described in **Section 3. Benefits of investing with MilitarySuper**.

You need to be aware that there are limitations imposed by the ATO on the amount of contributions you can make from your before and after tax income. You may also be entitled to various government contributions which, if paid, will form part of your Ancillary Benefit. If you are eligible, you do not need to take any action as this will be assessed by the Australian Taxation Office when you lodge your taxation return. For eligibility requirements refer to ato.gov.au

For more information, refer to our website and the various fact sheets available relating to contributions.

Withdrawing your super

There are limitations on making withdrawals from your super. In most cases, you can only withdraw your super after reaching age 60 and permanently retiring from the workforce. However, you may be able to access your super or some component of it earlier in some cases. There are circumstances where you meet a condition of release before reaching age 60. These include circumstances of invalidity, financial hardship and on compassionate grounds.

However, in MilitarySuper your Employer Benefit can be paid as a non-commutable pension on or after age 55 provided you have transitioned from the ADF – it is not subject to normal retiring conditions and it is not dependent on you reaching age 60.

For more information, refer to csc.gov.au/militarysuper.

3. Benefits of investing with MilitarySuper

Investing in MilitarySuper can help to maximise your retirement savings through the following features and benefits.

Competitive costs

Defence meets the cost of administering MilitarySuper, which means that no administration fees are deducted from your account. MilitarySuper pays no commissions to financial advisers. There are, however, some fees and charges. For more information, go to **Section 6. Fees and costs**.

A Defined Benefit

In MilitarySuper you receive a Defined Benefit—the Employer Benefit. As explained in **Section 2. How super works** of this PDS, the calculation of your Employer Benefit is not affected by investment returns. Rather, it is calculated using the rates (described below) relating to your Final Average Salary during your current period of service.

Years of service	% of Final Average Salary (FAS) per year of service
Less than 7 years	18%
7 years to 20 years	23%
20 years onward	28%

Your Employer Benefit comprises two components:

- a funded component, which represents the 3% productivity contributions paid by Defence, plus investment returns; and
- an unfunded component paid by the Australian Government, which is the balance of your Employer Benefit.

If you transition from the ADF before you're eligible to claim your benefit, the funded and unfunded components will accrue separately. The funded amount will be subject to investment performance in the Balanced option, whether positive or negative, while the unfunded amount will accrue in line with the consumer price index.

Your accumulation component—the member and ancillary benefits will accumulate separately from your Employer–Funded Benefit. Your member and ancillary contributions are invested by CSC and the value of your benefit changes in accordance with investment performance. The value of your Member Benefit will depend on your rate of contributions (5–10%) and investment returns on these contributions. The value of your Ancillary Benefit is dependent on whether you, your employer or the government make any additional contributions and the investment return on these contributions while they are held in the fund.

Investment choice

You can choose to invest in one or more of our four investment options—**Cash**, **Income Focused**, **Balanced** and **Aggressive** to suit your goals and risk tolerance. For more information, go to **Section 5. How we invest your money**.

Safeguarding your super investment

As responsible stewards of your savings, we consider not only activities that could reduce profit in the short term, but also anything that could affect your investment in the long-term. This includes any risks from poor environmental, social and governance (ESG) practices, because these can eventually impact the value of the businesses you're invested in, and ultimately your final retirement value. Read more on our website.

Death and invalidity benefits

As a member of MilitarySuper, you are generally entitled to death and invalidity benefits at no cost. These benefits are not insurance, but are a feature of your MilitarySuper membership – you do not need to apply to be covered.

Invalidity benefits

Invalidity benefits are designed to help you resettle into civilian employment if you are medically transitioned due to physical injury or mental illness and are unable to continue to serve in the ADF. The amount you will be eligible to receive depends upon the extent of your incapacity in relation to civilian employment.

There are also certain circumstances when invalidity benefits may not be payable. These include being transitioned or retired within two years of becoming a member due to a condition which existed on entry and which was not materially aggravated by service, or where the injury occurred in particular circumstances of absence without leave (AWOL) or where CSC is of the opinion that your injury was sustained due to an intentional act.

Death benefits

Similarly, payments to eligible dependants can be affected if death occurs while a member is AWOL. You should note that MilitarySuper does not provide for binding death nominations. Upon death, benefits are payable to an eligible spouse, child or children as per the scheme rules. This includes same sex spouses and children under the age of 18 years or full-time students up to the age of 25. If there are no eligible dependants, the member, ancillary and employer benefits due to you, may be paid to someone you have noted in your will provided you have notified CSC of this in writing, otherwise your benefits will be paid to your estate. You should not assume that because you regard a person as a dependant they will qualify for a benefit in the event of your death. You should familiarise yourself with the eligibility criteria available on our website, csc.gov.au.

! You should read the important information about death and invalidity benefits before making a decision. Go to the Death and invalidity benefits booklet available at csc.gov.au/militarysuper-pds. The material relating to death and invalidity benefits may change between the time when you read this statement and the day when you acquire the product.

4. Risks of super

Super, like any investment, has risks. The accumulation components (member and ancillary benefits) of your super will be invested in investment options which have exposure to a range of asset classes with different weightings and different risk levels. You should consider that your age, how long you will invest your super, if you have other investments and your risk appetite will impact how you invest your super. You should feel comfortable with the potential risks and fluctuations associated with the investment option(s) you choose, and confident that your decisions will support your personal objectives, financial situation and needs—from now through to retirement.

MilitarySuper investment options carry varying levels of risk and return. The likely investment return and the risk of losing money are different for each investment option. Investment options are made up of assets with different weightings and risk levels. Assets with the potential for higher returns over the longer term (like shares) may also have higher risk of losing value over the short term.

While it'd be great to eliminate risk, that's not possible because some risks remain even in a diversified portfolio. Instead, they need to be managed. No matter how skilled the investment manager or how strong past performance is, future returns are likely to differ from past returns, as economic and market conditions change. We can't guarantee returns and there's a chance you could lose some of your money. There is also a risk that your total super benefit may not be enough to adequately fund your retirement, for example, if your retirement coincides with a major market correction. Our role is to apply our rigorous and disciplined process to identify and manage potential risks to your super savings, to reduce the likelihood of that outcome. Here are the significant super risks you should know about.

Risk	Description
Asset investment risk	Individual assets we buy can change in value for many reasons; e.g. there may be changes in the internal operations or management of a fund or company we invest in, or in its business environment.
Counterparty risk	If another party to a contract can't meet its obligations under the contract, this may have a negative effect on the value of the investments in the fund.
Currency risk	When we invest in other countries, if their currencies change in value relative to the Australian dollar, the value of the investment can change.
Derivatives risk	A derivative is a contract with an agreed financial value, and that value is derived from anticipated fluctuations to the underlying asset (market or index) that is the subject of the contract. It's used to reduce risk or gain exposure to investment markets when we think it's appropriate. Risks associated with derivatives include the value of the derivative failing to move in line with the value of the underlying asset, market or index.
Environmental, social and governance risks	See csc.gov.au/db-esg
Fund risk	There are certain events that we classify as CSC fund risks. These include if CSC should stop operating, if fraud occurs against us, if our board is restructured and/or if our investment professionals change.
Inflation risk	There is a risk that inflation may exceed the return on an investment.
Interest rate risk	Changes in interest rates can have a positive or negative effect, directly or indirectly on investment value or returns.
Liquidity risk	Assets that we invest in may become difficult to trade under certain market conditions.
Market risk	Market sentiment can change, as can economic, technological, political or legal conditions, all of which affect the value of investments.

Super and tax law risk*	Super and tax laws change frequently and this may affect the value of your investment and your ability to access it. For example, changes made may affect the tax you pay on your super.

* These risks also apply to the Defined Benefit component of MilitarySuper.

If you need help to understand investment risk or to work out which investment option(s) to choose, contact an authorised financial planner. You should read the important information about risks of super before making a decision. Go to the Investment options and risk booklet available at csc.gov.au/militarysuper-pds. The material relating to risk may change between the time when you read this Statement and the day when you acquire the product.

5. How we invest your money

MilitarySuper offers you four investment options – Cash, Income Focused, Balanced and Aggressive. You can choose different options for your existing member account balance and your future member and ancillary contributions. You can change your investment options online or by completing a Member Investment Choice form available on our website or by logging in to the CSC Navigator.

When choosing an investment option you must consider the:

- amount of time your money will be invested before you need it for retirement;
- likely investment returns; and
- level of risk and fluctuation in the value of your investment that you can tolerate.

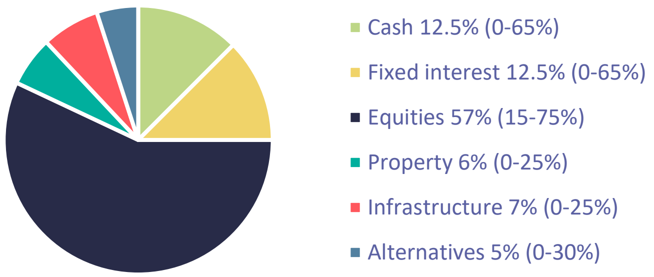
Balanced – our default option

If you do not choose an investment option, we will invest your member and ancillary contributions in the default option, Balanced.

Objective: To outperform the Consumer Price Index (CPI) by 3.5% per annum, after fees and taxes, over 10 years.

Risk profile—high: This investment option is intended for those investors prepared to take more risk in exchange for potentially higher returns on their investment over the medium-to-long term. The minimum suggested timeframe for holding this option is 10 years. With a high risk rating (band six), it is estimated that the option will have a negative return (i.e. will lose value) in four to less than six years over any 20 year period.

Target asset allocation[1]: The Balanced option invests in the asset classes shown in the diagram below. The diagram shows the investment allocation percentage by asset class as at 31 October 2024.



[1] Investment information is current at the date of publication and may change from time to time. See csc.gov.au/militarysuper-asset-allocation for updated information. Investment returns aren't guaranteed.

You should read the important information about how we invest your money (go to the Investment options and risk booklet on our website) and about the extent to which we consider environmental, social and governance (ESG) matters for the purpose of achieving our investment objective (go to csc.gov.au/db-esg) before making a decision. The material relating to how we invest your money and ESG considerations may change between the time when you read this Statement and the day when you acquire the product.

6. Fees and costs

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.

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) Moneysmart website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options***.

* We are required by law to provide you with this information. MilitarySuper members should note that this is only relevant for the Member and Ancillary Benefit of your MilitarySuper benefit. For DFRDB members with ancillary benefits held in MilitarySuper, this information is only relevant to your Ancillary Benefit.

** We are required by law to provide you with this information, however lower fees cannot be negotiated with CSC.

*** The calculator on the ASIC website can be used to calculate the effect of fees and costs on account balances.

You should read the important information about fees and costs before making a decision. Go to the Your MilitarySuper fees and costs booklet available at csc.gov.au/militarysuper-pds. The material relating to fees and costs may change between the time when you read this Statement and the day when you acquire the product.

Fees and Costs Summary

The main fees that apply to the MilitarySuper Balanced are listed below. The information in this table can be used to compare our fees with similar funds.

MilitarySuper Balanced		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs[1]		
Administration fees and costs	Nil	As a MilitarySuper member you do not pay any administration, switching or any other ongoing administration fees as the Department of Defence meets all administration costs.
Investment fees and costs[2, 3]	0.68% (est.)	• Not deducted directly from your account. • Paid from or reduces the amount of investment returns or assets related to each investment option. • Reflected in the unit price of each investment option, which is published each business day.
Transaction costs[2]	0.10% (est.)	• Not deducted directly from your account. • Paid from or reduces the amount of investment returns or assets related to each investment option. • Reflected in the unit price of each investment option, which is published each business day.
Member activity related fees and costs		
Buy–sell spread	Nil	
Switching fee	Nil	
Other fees and costs	Where these fees and costs are applied to your account, they are deducted as described in the `Additional explanation of fees and costs' in the Your MilitarySuper fees and costs booklet.	

[1.] If your account balance for a product offered by the superannuation entity is less than $6 000 at the end of the entity's 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] These costs are based on the 2023–24 financial year and are rounded to the nearest two decimal places. The actual amount will change from year to year and may be different to the amounts shown. The calculation basis for this amount is set out under 'Additional Explanation of Fees and Costs' in the Your MilitarySuper fees and costs booklet available on our website

[3] Investment fees and costs include an amount of 0.21% for performance fees.

Changes to fees and costs

We may change fees and costs from time to time. We will let you know of any fee change that we believe will materially affect you, at least 30 days before the change takes effect. Fees and costs can be changed without a member's consent.

Example of annual fees and costs for a superannuation product

This table gives an example of how the ongoing annual fees and costs for the Balanced option 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		Balance of $50,000
Administration fees and costs	$0	For every $50,000 you have in the superannuation product, you will be charged or have deducted from your investment $0 in administration fees and costs.
PLUS Investment fees and costs	0.68% (est.)	And, you will be charged or have deducted from your investment $340 in investment fees and costs.
PLUS Transaction costs	0.10% (est.)	And, you will be charged or have deducted from your investment $50 in transaction costs.
EQUALS 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 $390 for the superannuation product.

Additional fees may apply. This example is illustrative only.

! The material relating to Fees and costs may change between the time when you read this Statement and the day when you acquire the product.

7. How super is taxed

Right now super is taxed in three ways, and we outline some of the main scenarios that apply in the table below:

- When contributions are made to your super, before and after tax.
- When you withdraw super, or we pay a benefit when you die.
- When an investment return is added to your super balance.

Transaction type	Scenario	Rate of tax (2024-25 financial year)
After-tax (non-concessional) contributions	Includes personal contributions from money that's already been taxed and spouse contributions.	• 0% on amounts up to $120,000 a year (which is the non-concessional contribution cap) as long as your account balance is less than $1.9m. • 47% (including the Medicare levy) on amounts more than $120,000 a year. • Exceptions may apply to customers who meet age eligibility rules and the requirements of the 'three year bring forward rule'. See the ATO website for more information.
Before-tax (concessional) contributions	Includes productivity contributions paid by Defence and salary sacrifice contributions.	• Generally 15% on amounts up to $30,000 (which is the concessional contribution cap) • Your highest marginal tax rate on amounts more than $30,000
Transfers from other funds to MilitarySuper	You transfer super from another fund to MilitarySuper.	• 0% on already taxed amounts. • 15% on transfers from untaxed sources.
Withdrawals	A withdrawal is paid to you as a lump sum or as a pension.	Different rates of taxation will apply depending on your age and the tax components of your benefit. Go to the Tax and your MilitarySuper booklet for detailed information.
Investment earnings	Tax on your MilitarySuper account's investment earnings are deducted from the Fund and reflected in the unit price.	Up to 15%

You should read the important information about tax and your super before making a decision. Go to the Tax and your MilitarySuper booklet available at csc.gov.au/militarysuper-pds. The material relating to tax may change between the time when you read this Statement and the day when you acquire the product.

As a MilitarySuper customer you have access to CSC's authorised financial planners* who provide personalised fee-for-service financial advice, that takes your objectives, financial situation and needs into account. A summary and fixed quote for the comprehensive advice and service you receive will be outlined to you before commencing work on your financial plan and is subject to your agreement. If you already have your own financial planner, we recommend that you speak to them first. At CSC we don't pay any commissions to financial planners and there are no hidden fees. For further information visit csc.gov.au/financial-planning, or to arrange an appointment call **1300 277 777**.

* Our authorised Financial Planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC Financial Planners with support to provide customers with specialist advice, education and strategies.

Your tax file number (TFN)

While you don't have to give us your TFN, giving it to us means you may pay less tax—and that's good for your account balance. Under the *Superannuation Industry (Supervision) Act 1993 (Cth)*, we're authorised to collect, use and disclose your tax file number (TFN). We only use your TFN for approved, legislative reasons, which include:

- telling the ATO so they can validate your TFN, tax and super co-contributions; and
- using it to search for and consolidate your super benefits that might be held in various accounts.

If we have your TFN, we'll be able to process all permitted contribution types to your MilitarySuper account, and you won't have to pay more tax than you need to. If we have not received your TFN within 30 days of your entry or re-entry into the ADF, your contributions must be returned. In the even that you become eligible for a benefit and we do not have a record of your TFN, we will be required to deduct tax at a higher rate.

There are tax consequences if you make contributions over the contribution caps, and you should supply your TFN as part of investing in MilitarySuper.

8. How to open an account

MilitarySuper closed to new members on 30 June 2016. Eligibility to join MilitarySuper is determined by the *Military Superannuation and Benefits Act 1991* and the rules governing MilitarySuper. However, if you are a MilitarySuper member with Preserved Employer Benefit and you return to an eligible period of continuous service, you will be required to rejoin MilitarySuper as a contributing Member. To ensure you are placed in the correct fund, you will need to contact Defence.

If you are a DFRDB contributing member wishing to make additional contributions into MilitarySuper, you will automatically be set up with a MilitarySuper ancillary account.

An associate membership in MilitarySuper may also be opened as a result of a family law split in MilitarySuper, or where a DFRDB contributor goes through a family law split.

Here's how we'll communicate with you

To make sure you get important information quickly and cost effectively, we'll communicate with you by email or text as the first option—unless you ask us not to. You can set up (and update) your communication preferences through the CSC Navigator or by calling **1300 006 727** or emailing members.adf@contact.csc.gov.au. When it comes to sending you important information, we'll check your preference. If electronic delivery's OK with you and we have your email address, we'll email you the information. If email communication fails or you've told us you'd prefer hardcopy mail, then we'll send the paper communication to your mailing address.

If you need to make a complaint

We're keen to work out any issues early, so call us right away on **1300 006 727** if you have a complaint. If you're not satisfied with how we handle it, please ask to speak to a supervisor. After that, if you still feel the issue is unresolved, ask to speak to the Customer Care Officer, call them on **1300 033 732** or email customer.care@csc.gov.au or send a letter to the address shown below.

If you're not satisfied with the response or have not received a response from the Complaints Officer within 45 days, you can contact the Australian Financial Complaints Authority (AFCA) online, by email (info@afca.org.au), by phone (**1800 931 678** free call) or in writing (Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001).

We're committed to protecting your privacy

We collect your personal information to provide super services to you, to improve our products and to keep you informed. We will only disclose your personal information in accordance with our privacy policy. Please see the full copy of our privacy policy and privacy complaint process on our website.