



Product Disclosure Statement

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Commonwealth
Superannuation
Scheme

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 CSS. 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 adverse to you may be updated on our website, csc.gov.au, or contact us on **1300 000 277** for a free paper copy.

The offer to which this document relates is available only to persons eligible to become a member of CSS under the *Superannuation Act 1976*, receiving this document (electronically or otherwise) in Australia.

1. About CSS

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 members. You can find important information, including our Trust Deed, Annual Report, remuneration for executive officers and other disclosure we are required to provide, at csc.gov.au

About CSS

CSS is a hybrid super fund, which means it is a combination of two types of funds – a defined benefit fund and an accumulation fund. CSS closed to new members from 1 July 1990. However, if you are a CSS deferred benefit member or CSS invalidity pensioner and you return to eligible employment you may be able or required to rejoin CSS as a contributing member, provided your new employer is a designated employer for the purposes of CSS and you meet the eligibility requirements. An associate membership may also be opened as a result of a family law split. CSS members can invest in the **Default Fund** or **Cash Investment Option**.

In addition to a CSS retirement benefit, which can generally be taken as a pension and/or a lump sum, CSS offers partial invalidity, invalidity retirement and death benefits at no cost. See **section 3. Benefits of investing with CSS** for more details.

2. How super works

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 CSS contributing member you can choose to pay basic contributions of 5% or 0%, and supplementary contributions (any amount over your basic contributions). You can also make voluntary after-tax contributions to your account and transfer in super from other funds. Please note that there are limitations on the contributions you can make to your super and you may, depending on your income, also be entitled to government co-contributions or low income superannuation tax offset (LISTO). For more information, see **section 7. How super is taxed**.

Generally, in CSS your employer makes contributions to your account in two different ways:

1. a fortnightly contribution (plus interest) – forms your productivity component, these contributions are based on your super salary, and
2. an unfunded employer benefit that is calculated when you leave CSS and claim a benefit.

The member component (basic and supplementary contributions, plus interest), the productivity component (contributions plus interest), amounts transferred from other super funds, government co-contributions and LISTO are accumulation components and are affected by fund earnings. The amount you contribute affects your benefit and the amount you can withdraw at retirement.

Withdrawing your super

The CPI-indexed pension is generally defined by a formula based on your final super salary, your length of contributory service and your age at exit. If you elect to defer your benefit, your indexed pension will be determined by the amount of basic contributions and earnings on those contributions at the time you claim your benefit.

The remainder of your benefit can be taken as a lump sum, converted to a non-indexed pension or be a combination of both.

There are limitations on making withdrawals from your super. In most cases, you can only withdraw your super after reaching preservation age and permanently retiring from the workforce. However, you may be able to access your super or some component of it earlier in some cases.

For more information on your CSS retirement benefit refer to the various factsheets available on our website. You are encouraged to refer to this information as they provide important information about your benefit which can be complex.

3. Benefits of investing with CSS

Competitive costs

Employers contribute toward the costs of administering CSS, which means that no administration fees are deducted from your account. CSS pays no commissions to financial advisers. There are, however, some fees and charges. For more information, go to **section 6. Fees and costs**.

Investment choice

You can choose to invest in the **Default Fund** or the **Cash Investment Option** to suit your goals and risk tolerance. For more information, go to **section 5. How we invest your money**.

Invalidity and death benefits

Death, partial invalidity and invalidity retirement benefits are available through CSS which can help protect your current lifestyle and provide for you or your family in the event of sickness, injury or death. These benefits are a feature of your CSS membership and are provided at no cost – they are not a type of insurance and you do not need to apply to be covered.

If you are approved for invalidity retirement your benefit will usually be based on your entitlement had you worked to maximum retirement age (generally 65). The calculation of an invalidity retirement benefit for deferred members depends on your accumulated basic contributions and a pension factor.

The calculation of an invalidity retirement benefit depends on a number of factors, including:

- your final salary, contributory service and prospective service
- whether you were a member of the former Provident Fund, and
- whether a Benefit Classification Certificate (BCC) lists any pre-existing medical conditions or pre-existing medical conditions apply to you.

Partial invalidity benefit

A partial invalidity pension is a form of income maintenance. It is paid to eligible members as a pension when your salary is permanently reduced due to a medical condition.

A partial invalidity pension is paid in addition to your new salary, and is worked out using a formula which takes into account the amount you would have received if you were entitled to a full invalidity pension and your salary before and after you became entitled to a partial invalidity pension.

A partial invalidity pension is not paid where a member:

- has the reduction in salary occur after they have reached their maximum retiring age (usually 65);
- has less than 8 years' contributory service and the reduction in salary is caused (or substantially contributed to) by a medical condition specified in a Benefit Classification Certificate (BCC);
- ceases to be a member of CSS;
- is entitled to compensation under a Commonwealth or State or Territory law providing for worker's compensation; or
- if the medical condition has been caused by wilful action for the purpose of obtaining an invalidity benefit.

A partial invalidity pension is cancelled when a member ceases to be an eligible employee or the rate of salary (not including the partial invalidity pension) becomes equal to or greater than pre-reduction rate of salary.

Death benefits

Benefits are generally payable to your eligible spouse and/or children should you die while you are a contributing member, a preserved member or after retirement provided you were receiving a CSS pension. If no eligible spouse or children exist, a lump sum may be payable to any children otherwise considered ineligible, or your estate.

Death benefits for contributing and preserved members who die before reaching maximum retiring age will be a percentage of the invalidity pension that would have been payable had the member retired on invalidity grounds. Death benefits for contributing members who die after reaching maximum retiring age will be based on the age retirement pension that would have been payable.

If a CSS pensioner dies, the eligible spouse and/or children will be entitled to receive a pension that is a percentage of the pension being paid to the member at the time of their death. The percentage payable will depend on the number of children and will also depend on whether the member chose the higher dependant pension option at the time of retirement. Children's pensions are only payable until age 18 or, if the child is in full-time education, until age 25.



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. 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.

PSSap Ancillary membership

CSS members who have been employed by the Australian Government, or another designated employer, for 12 continuous months or more are eligible to open a Public Sector Superannuation accumulation plan (PSSap) account (as an Ancillary Member). Salary sacrifice, post-tax contributions, transfers from other superannuation accounts and contributions from non-eligible employment can be made to PSSap. PSSap is issued by CSC. For more information and for a copy of the PSSap PDS and Target Market Determination (TMD), go to csc.gov.au. You should consider the PSSap PDS and TMD before making a decision.

CSC retirement income (CSCri)

CSS members may also be eligible to open a CSCri account using amounts from their CSS account and/or money from other sources to take up a standard or transition to retirement income stream. CSCri is issued by CSC. For more information and for a copy of the CSCri PDS and TMD, go to csc.gov.au. You should consider the CSCri PDS and TMD before making a decision.

4. Risks of super

Super, like any investment, has some level of risk. The accumulation components 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. The likely investment return and the level of risk of losing money are different for each investment option depending on the underlying mix of assets. Those assets with potentially the highest return over the longer term (such as equities) may also have the highest risk of losing their value in the shorter term.

Risk can be managed and even minimised, but cannot be eliminated. No matter how skilled the investment manager, or how strong performance has been in the past, the value of investments and the level of returns will vary, and future returns may differ from past returns. Returns applying to your accumulation component are not guaranteed and there is always a chance you could receive less than you invested. There is also a risk that the amount of your superannuation benefit (including contributions and returns on your accumulation component) may not be enough to provide adequately for your retirement. Superannuation laws are also subject to change.

The opportunity to choose how you invest your super carries with it a responsibility to make well-informed decisions suitable to your personal objectives, financial situation and needs. The level of risk appropriate for each person will vary depending on a range of factors, including age, investment time frames, risk tolerance and other investments.

Significant risks which may affect the accumulation components of your super are outlined in the following table.

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	<p>A derivative is a contract that has an agreed financial value, and that value is derived from anticipated fluctuations to an asset 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.</p> <p>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.</p>
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	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 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 CSS.

If you require assistance to understand investment risk and to determine the investment option which is right for you, please contact an authorised financial planner.



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. 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

You have the option of investing in either the **Default Fund** or **Cash Investment Option**.



When choosing an investment option you must consider the:

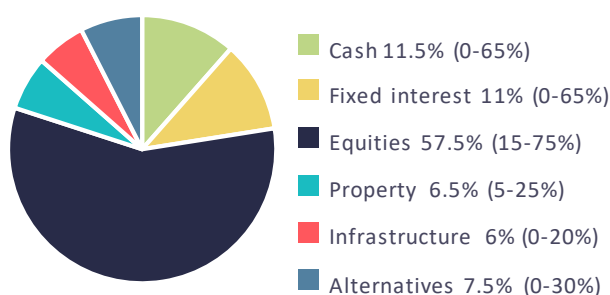
- amount of time the money will be invested before retirement
- likely investment returns, and
- level of risk and fluctuation in the value of the investment that you can tolerate.

Default Fund

If you do not choose an investment option, we will invest your money in our default option called the Default Fund. The investment objective of the Default Fund is to outperform the Consumer Price Index (CPI) by 3.5% per annum, after fees and taxes, over 10 years.

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 time frame 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.

The following graph sets out the type of assets that make up the Default Fund option, their target and permitted range of asset allocations.



You should read the important information about the investment options before making a decision. Go to the [Investment options and risk booklet](#) at csc.gov.au. The material relating to investment options 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, however lower fees cannot be negotiated with the Fund.

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

The main fees and costs involved in investing in the **Default Fund** are set out below. The information in this table can be used to compare costs between different superannuation products. Fees and costs are paid by you or from the fund assets as a whole (including investment returns), depending on the fee charged.

Fees and Costs Summary

CSS - Default Fund investment option		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs¹		
Administration fees and costs	Nil	As a CSS member you do not pay any administration, switching or any other ongoing administration fees as these costs are covered by your employer (or your former employer if you are a preserved member).
Investment fees and costs²	0.79% (est.)	<ul style="list-style-type: none"> • 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 earning rates of each investment option, which is published each business day.
Transaction costs	0.15% (est.)	<ul style="list-style-type: none"> • 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 earning rates 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		
Advice fees – ‘fee for service’ advice³	Varies. The fee amount may be negotiated with your adviser before you take up the advice.	<ul style="list-style-type: none"> • Paid directly by you. We don’t deduct advice fees from your CSS account. • If you’d like ‘fee for service’ (comprehensive) advice from a CSC authorised financial planner*, you’ll receive an obligation-free quote to help you decide if you’d like to go ahead.

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 The Investment fees and costs include an amount of 0.27% for performance fees. The calculation basis for this amount is set out under “Additional Explanation of Fees and Costs” in the [Fees and other costs booklet](#) available on our website

³ You may pay “fee for service” fees to a financial adviser if you consult one. Refer to the Statement of Advice from your financial adviser for details of these fees. For more information about advice fees that you may choose to pay, see the “Additional explanation of fees and costs” section of the [Fees and other costs booklet](#).

*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.

All fees and costs in this section are inclusive of GST less any reduced input tax credits the fund may be entitled to.

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 Default Fund 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 – Default Fund		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	0.79% (est.)	And, you will be charged or have deducted from your investment \$395 in investment fees and costs
PLUS transaction costs	0.15% (est.)	And, you will be charged or have deducted from your investment \$75 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 \$470 for the superannuation product.

Additional fees may apply. This example is illustrative only.

You should read the important information about Fees and costs before making a decision. Go to the [Fees and other costs booklet](#) available at [csc.gov.au](https://www.csc.gov.au). 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 (2022-23 financial year)
After-tax (non-concessional) contributions	Includes personal contributions from money that's already been taxed and spouse contributions	<ul style="list-style-type: none"> • 0% on amounts up to \$110,000 a year (which is the non-concessional contribution cap) as long as your account balance is less than \$1.7m. • 47% (including the Medicare levy) on amounts more than \$110,000 a year. • Exceptions may apply to members who meet eligibility requirements of the 'three year bring forward rule'. See the ATO website for more information.
Before-tax (concessional) contributions	Includes productivity contributions paid by your employer and salary sacrifice contributions.	<ul style="list-style-type: none"> • Generally 15% on amounts up to \$27,500 (which is the concessional contribution cap) • Your highest marginal tax rate on amounts more than \$27,500 (less a 15% tax offset to take into account the contribution tax already paid). • An additional amount representing the notional value of your employer unfunded component is counted towards your concessional contributions cap.
Transfers from other funds to CSS	You transfer super from another fund to CSS	<ul style="list-style-type: none"> • 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 CSS booklet for detailed information.
Investment earnings	Tax on your CSS account's investment earnings are deducted from the Fund and reflected in the daily earning rates.	Up to 15%

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
- 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 CSS 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 commencement with a designated employer, your contributions must be returned. In the event 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 CSS.

You should read the important information about tax and your super before making a decision. Go to the [Tax and your CSS booklet](#) available at csc.gov.au. The material relating to tax may change between the time when you read this Statement and the day when you acquire the product.

8. How to open an account

CSS closed to new members on 1 July 1990. However, if you are a CSS deferred member or CSS invalidity pensioner and you return to eligible employment, you may be required, or you may have the option, to rejoin. To rejoin CSS you will need to contact your employer. An associate membership may also be opened as a result of 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 [CSS Member Services Online \(MSO\)](#) or by calling **1300 000 277** or emailing members@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 000 277** 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 CSS Complaints Officer, call them on **1300 033 732** or send them an email to customer.care@csc.gov.au or 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.



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