

FEES AND OTHER COSTS

As a 'profit for member' fund, you can be confident in the knowledge that *Mercy Super* only charges what it costs to provide you with the level of service, care, information and communication that you would expect from us.

The Trustee Board and the *Mercy Super* Team are all members of the Fund, so we are committed to providing you with excellent quality and exceptional value. After all, costs come out of our pockets too.

This fact sheet shows fees and other costs that you may be charged. These fees and costs may be deducted from your accounts, from the returns on your investment or from the Fund assets as a whole. Taxes and insurance costs are set out in your **Member Booklet**, otherwise known as Product Disclosure Statement (available on our website www.mercysuper.com.au or by contacting the Fund on 1300 368 891). You should read all the information about fees and costs because it is important to understand their impact on your investment.

Please note: *The message below is a Government requirement. As the Trustee only charges the fees required to operate the Fund, we are unable to reduce fees for some members.*

CONSUMER ADVICE WARNING

Did you know?

Small differences in both investment performances 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 fund balances 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 may be able to pay lower contribution fees and management costs where applicable. 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 Investment Commission (ASIC) website (www.moneysmart.gov.au) has a superannuation investment fee calculator to help you check out different fee options.

The table below details the Fund's fees and when they may be charged.

MERCY SUPER FEE TABLE – SEPTEMBER 2011

Type of fee	Amount	How and when paid
Fees when your money moves in or out of the fund		
Establishment This is the fee to set up your accounts.	Nil	The Fund does not charge an establishment fee.
Contribution fee This is the fee for all contributions to your accounts made by you or your employer.	Nil	The Fund does not charge an contribution fee.
Withdrawal fee This is the fee charged when you make a withdrawal from your accounts.	\$55	Deducted from your account when a lump sum payment is made.
Termination fee The fee to close your investment	Nil	The Fund does not charge a termination fee.
Fees to manage your account		
Administration fee: This is the ongoing fee for managing your account and the Fund overall. The amount you pay for specific investment options is shown on the following table.	\$1.10 per week	This fee is calculated on a weekly basis and is deducted directly from your account with effect on each 30 June, or if a lump sum partial payment is made during the year, or when you leave the Fund.
Management costs – Asset Fee: This is the Fund's costs not covered by the administration fee.	Up to 0.30% p.a. <i>For the year to 30 June 2011 this fee is effectively 0.22%</i>	This amount will be calculated and deducted directly from your account with effect on each 30 June or when you leave the Fund. A cap applies.
Investment Management fee: This is the fee charged by the investment managers for managing the Fund's investments.	Balanced Growth: 0.88%p.a. Balanced: 0.79%p.a. Shares: 0.61%p.a. Cash: 0.16%p.a. Socially Responsible: 0.82%p.a.	These deductions are made from the Fund's investment earnings (positive or negative) each year before crediting rates are determined. These deductions are borne indirectly by members and affect the return applied to your account.
Service fees		
Investment switching This is the fee to switch from one investment option to another.	Nil	The Fund does not charge a switching fee.
Family Law fees		
• Valuation – This fee is for providing information as required under the Family Law Act.	\$110	This fee is paid by cheque by your spouse at the time the request for information is processed. Members are not charged for this service.
• Splitting an account – This fee is for processing the splitting of accounts.	\$110	This fee is divided equally between you and your spouse and deducted from each account.

EXAMPLE OF ANNUAL FEES AND COSTS

The table below gives an example of how the fees and costs in the Balanced Growth investment option for this product can affect your investment over a one year period. You should use this table to compare this product with other superannuation products. The Investment Management costs are different for each option.

EXAMPLE – the Balanced Growth investment Option		Balance of \$50,000 with a contributions of \$5,000 during the year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.00 .
PLUS Administration Fees	\$57.20 p.a. (\$1.10 per week)	And, for every \$50,000 you have in the Fund you will be charged \$590.00 each year, plus \$57.20 regardless of your balance.
PLUS Investment Management Costs	0.88%	
PLUS Management Costs – Asset Fee	Up to 0.30% p.a.	
EQUALS		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees amounting to \$684.20 . This calculation assumes that the additional \$5,000 is paid in the middle of the year. What it costs will also depend on the investment option you choose.

ADDITIONAL EXPLANATION OF FEES AND COSTS

- The fees and charges include GST payable by the Fund and GST attributed to investment costs.
- The investment fees included in the fee tables above are subject to change. The fees quoted in the tables have been calculated based on the 2010/2011 financial year.

MANAGEMENT COSTS – ASSET FEE

The Management Costs - Asset Fee represent the Fund's costs not covered by other administration fees.

The management fee is up to 0.30% p.a. which is deducted directly from member accounts with effect on 30 June or when a member leaves the Fund. As such, it is not expected that total management costs will exceed this level. This fee is explained further below.

Management costs are the costs of managing the Fund that are not covered by the weekly administration fee. They include expenses such as audit fees, investment consulting, legal and tax advice, Trustee fees and the production of marketing and communication material.

As Mercy Super only applies the fees needed to cover the Fund's costs, the Trustee reviews total costs each year as part of the end of financial year process. This asset based fee will only be set at a level needed so that the total fees collected from members covers the costs of running the Fund. As it is only feasible to undertake such a review as part of the end of year process, a fixed 0.30% fee will be deducted for any members that leave during the year.

For the year to 30 June 2011, it was determined that a level of 0.22% was required to meet the costs explained on the previous page.

As managements costs include member benefit protection, it is possible, but not expected, that in future years the deduction may exceed 0.30%. This is because it is not possible to accurately forecast this subsidy as it depends on such unknown factors as future investment earnings, the number of members with an account balance under \$1,000 and the average value of such balances. All members will be fully informed in the unlikely event that this was to occur.

Many funds have a similar charge to the Management Costs – Asset Fee; however, most deduct this fee directly from the Fund's investment earnings before investment crediting rates are determined. Mercy Super calculates and shows the fee as a separate item as we believe it is important that members know exactly what administration fees and costs their account incurs. This approach also enables us to place a cap on this fee, which is explained further below.

CAP ON MANAGEMENT COSTS – ASSET FEE

Where a member has an account balance total of more than \$200,000 at 30 June, or when leaving the Fund, the Trustee will not recover any more than \$600 per year in management costs. For Income Stream members, this cap is \$1,000 p.a.

The cap is applied when management costs are calculated and applied with effect on each 30 June or when a member leaves the Fund.

MEMBER BENEFIT PROTECTION

Like most superannuation funds, the Fund does not charge members with an account balance of less than \$1,000 any more in administration fees than the investment earnings their account has earned. This is called member benefit protection.

Unfortunately in times when investment earnings are low, or even negative, this places a greater burden on other members who have to bear all of the Fund's costs. If you have less than \$1,000 in your account at 30 June in any one year, or when you leave the Fund, administration fees will not exceed the investment earnings that are applied to your account which can be positive or negative. However, contribution tax and insurance premiums will be deducted from your Fund accounts, if applicable. Accordingly, consistent with industry practise, the Fund will apply a provision in the applicable legislation which enables us to charge members who have account balances under \$1,000 an account management fee of up to \$10 per year during these times of low investment returns.

COMMISSIONS

No commissions are payable by the Fund to any financial adviser who recommends the use of any Fund product.

INVESTMENT MANAGEMENT FEES

Investment Management fees are calculated by the Trustee's investment adviser, Frontier Investment Consulting Pty Ltd. These costs will change depending on the investment managers used by the Trustee and the amount held with each portfolio.

Investment management fees have been deducted before the Fund's crediting rates are published and applied to member accounts. In other words, these are not additional deductions from your account.

ADDITIONS OR ALTERATIONS TO FEES

The Trustee has the power to alter, increase or introduce new fees at its discretion. However, you will be given, at least, 30 days notice in writing before they are introduced. As the Fund returns all 'profits' to members, any fee increase will only be required to cover running costs. Fees and charges may change due to changes in:

- The underlying investment managers, or
- Legislation, or
- Management expenses.

This information was prepared for Mercy Super ABN 11 789 425 178 by the Trustee, Mercy Super Pty Ltd ABN 98 056 047 324. The Trustee (Corporate Authorised Representative No. 268897) is authorised to provide general financial product advice in relation to superannuation under Australian Financial Services License No 238507 and is a Registered Superannuation Entity (RSE Licence # L0001359 and RSE Registration # R1004311).