Bendigo SmartOptions Super®

Reference Guide
Dated 1 July 2017

Issued by Sandhurst Trustees Limited

Important information

The Bendigo SmartOptions Super® Reference Guide ('Reference Guide') is issued by Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL No. 237906) ('Sandhurst', 'we', 'us' or 'our').

The information contained in this Reference Guide forms part of the Bendigo SmartOptions Super Product Disclosure Statement ('PDS') dated 21 November 2016, and should be read in conjunction with the PDS. Bendigo SmartOptions Super (USI STL0003AU) (referred to as 'the Plan') is part of The Bendigo Superannuation Plan (ABN 57 526 653 420) ('BSP').

Sandhurst is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL No. 237879) (the 'Bank').

Sandhurst offers investments in other funds of which Sandhurst, or a related entity, is trustee, responsible entity or manager. We may also appoint any of our related bodies corporate (including the Bank) to provide services (including banking services) or perform functions in relation to the Plan. We may also enter into financial or other transactions with related bodies corporate in relation to the assets of the Plan. These related bodies corporate may earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for their own account.

Sandhurst has policies and procedures in place to ensure that it manages any conflicts of interest that may arise in such arrangements. We will resolve such conflicts of interests fairly and reasonably between members and in accordance with the law, ASIC policy and our own policies. Any transaction we undertake with a related body corporate will be based on arm's length commercial terms.

The information in the Reference Guide is of a general nature. The information is not advice or a recommendation to invest in the Plan. This Reference Guide has been prepared without taking into account your individual objectives, financial situation or particular needs. You should assess your own objectives, financial situation or needs before deciding to acquire an interest in the Plan. Before making an investment decision, we recommend that you obtain financial advice tailored to your personal circumstances from a licensed financial adviser. The Australian Securities and Investment Commission (ASIC) can help you check if your adviser is licensed. You can contact ASIC on 1300 300 630 or via the website www.asic.gov.au, or call us on 1800 033 426 to arrange to see a Bendigo financial planner.

Sandhurst, the Bank and its related entities do not guarantee the repayment of capital invested, the payment of income or the Plan's investment performance. An investment in the Plan does not represent a deposit with, or liability of Sandhurst, the Bank or its related entities. The Bank does not stand behind or guarantee the performance of Sandhurst. Sandhurst is not an authorised deposit-taking institution within the meaning of the Banking Act 1959.

The Bank has given and has not, before the date of the PDS, withdrawn its written consent to be named in this Reference Guide (which forms part of the PDS) concerning its role and activities, in each case in the form and context in which it is included or named.

Accessing up-to-date information

Information in this Reference Guide is subject to change from time to time. Where the changes are not considered materially adverse, Sandhurst will make updated information available on our website.

You may request a paper copy of this Reference Guide and the updated information free of charge by contacting our Client Services Team on 1800 033 426.

Contact details

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Phone: 1800 033 426
Fax: 03 6215 5800

Email: superannuation@bendigobank.com.au
Our website: www.sandhursttrustees.com.au/super

Other information

The offer to invest in the Plan is available to persons receiving a copy (electronic or otherwise) of the most up-to-date PDS for the Plan within Australia. If you receive the PDS and Application Form electronically, you should ensure that you have received the complete Application Form and PDS. If you are unsure whether the electronic documents are complete, you should contact our Client Services Team.

The PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer including, but not limited to, investors in the United States of America.

Applications from outside Australia will not be accepted.

All references to dollar amounts in the PDS and this Reference Guide are in Australian currency.

Section references in this document refer to sections contained in this Reference Guide unless otherwise stated.

Contents

How super works

The following section provides further information about how superannuation (super) works and should be read in conjunction with the PDS.

Choice of Fund

The Plan meets the Choice of Fund requirements for employees. Choice of Fund is a legislative requirement that gives some employees the right to choose the super fund into which their employer will pay Super Guarantee (SG) contributions on their behalf.

An employee may nominate Bendigo SmartOptions Super as their Choice of Fund by completing either the Bendigo SmartOptions Super Choice of Super Fund – Nomination Form or the Standard Choice Form provided by their employer.

Not everyone, however, is eligible to choose their super fund. It generally depends on the type of award or industrial agreement that an employee is employed under. You can obtain information about Choice of Fund by calling the Australian Taxation Office (ATO) on 13 28 64 or by visiting www.ato.gov.au/super.

Contributions

Two main types of contributions can be made to the Plan:

- concessional (before-tax) contributions; and
- non-concessional (after-tax) contributions.

Each type of contribution is subject to different taxation (tax) treatment. In addition, there are limits (referred to as 'caps') that apply to certain types of contributions. Tax penalties apply where you exceed these caps. Please refer to the 'How super is taxed' section of this Reference Guide for further information.

Concessional (before-tax) contributions

Concessional contributions include:

- **SG contributions:** These are the contributions that your employer must make on your behalf on at least a quarterly basis to meet their statutory requirements.
- **Salary sacrifice contributions:** You may be able to negotiate with your employer to have them make salary sacrifice contributions to the Plan from your pre-tax salary. These contributions may be a tax effective arrangement depending on your marginal tax rate.
- **Deductible member voluntary contributions:** These are personal contributions that you are allowed as an income tax deduction. You may be able to claim a tax deduction on contributions made before you turn age 75, if you meet certain tax legislation criteria and limits (for more information speak with your financial adviser).

Non-concessional (after-tax) contributions

Non-concessional contributions include:

- **Personal contributions***:* These are made from your after-tax salary, you do not claim a tax deduction for them. They may attract a Federal Government co-contribution (please refer to the 'How super is taxed' section of this Reference Guide for further information).
- **Spouse contributions***:* You can make contributions to the Plan on behalf of an 'eligible spouse' (defined as another person, whether of the same or opposite sex with whom you are in a relationship that is registered under a relevant state or territory law, or another person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple). Spouse contributions may be a tax-effective arrangement depending on your assessable income. A spouse contribution would count as a non-concessional contribution of the receiving spouse. For the avoidance of doubt, a spouse contribution would count as a non-concessional contribution of the receiving spouse.

Contribution splitting

You may be able to split your concessional contributions with your spouse or de facto partner (including same-sex couples) and transfer them to an account in your spouse or partner's name. You can split contributions if your spouse or partner is either:

- under their preservation age (please refer to 'Preservation Age' later in this section for further information); or
- between their preservation age and age 65 and not retired.

The maximum amount that can be split is the lesser of:

- the concessional contributions cap for that financial year (please refer to the 'How super is taxed' section of this Reference Guide for further information); or
- 85% of your total concessional contributions to the Plan in the last financial year before the splitting application is made, or in the current financial year if the entire benefit is to be transferred or rolled out of the Plan.

Concessional contributions split with your spouse will still count against your concessional contributions cap.

Contributions eligibility

If you earn $450 or more (before tax) in a calendar month and are over 18 years of age, or if you are under 18 and working more than 30 hours per week, your employer must pay SG contributions for you.

You can make personal after-tax contributions to your super fund or retirement savings account even if you're not working, provided you're under 65 years of age.

If you're 65 years of age or over, you can only make personal after-tax super contributions if you:

- are not yet 75 years of age; and
- have been gainfully employed for at least 40 hours over 30 consecutive days during the financial year.

If you are 75 or over you can only receive employer mandated contributions.

Making contributions

Once you have joined the Plan and provided you are eligible to contribute, then the ways to contribute to the Plan are set out below.

- **Direct debit:** to make regular contributions please complete the Direct Debit Request available on our website; or
- **BPAY®:** to make contributions via BPAY you need to obtain your unique reference numbers. You can do this by either:
    - logging on to your account details via Bendigo SmartOptions Online; or
    - contacting our Client Services Team on 1800 033 426.

® Registered to BPAY Pty Ltd ABN 69 079 137 518. Your financial institution may charge you a fee to use the service, so check with them before using it.

Withdrawals

Benefits and withdrawals

The Federal Government has placed restrictions on when you can access your super benefits. This is in keeping with the purpose and long term investment nature of super.

You can generally access your super savings once you retire on or after reaching your preservation age (between 55 and 60 depending on your date of birth) or in other circumstances known as "conditions of release" as detailed later in this section. You can usually transfer your super to another fund at any time. In certain circumstances, Sandhurst must transfer super benefits to the ATO (e.g. small or unidentifiable lost accounts, unclaimed benefits on or after age 65, and unclaimed benefits of former temporary residents).

Your super benefits are classified into three types depending on how and when paid into the super system:

1. Preserved benefits;
2. Restricted non-preserved benefits;
3. Unrestricted non-preserved benefits.

Whether or not your super benefits may be paid to you depends on which type/s of super benefits you have.

Preserved benefits

Generally you can only withdraw preserved benefits from the Plan as a lump sum when you first satisfy one of the following conditions of release:

- you permanently retire from the workforce after reaching your preservation age (see below);
- you reach age 65;
- you leave or change your job after age 60;
- you suffer permanent incapacity;
- you are diagnosed as terminally ill;
- you die;
- you qualify for an early release on the grounds of severe financial hardship or specified compassionate grounds (in these circumstances only part of your benefit may be released, in most cases);
- you have previously been classified as a lost member and your benefit is less than $200; or
- you are an eligible temporary resident and you permanently depart Australia.

Preservation Age

Your preservation age depends on your date of birth:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

Restricted non-preserved benefits

Generally speaking, before you reach your preservation age, you can only withdraw restricted non-preserved benefits as a lump sum if:

- your employer has contributed to the Plan on your behalf; and
- your employment terminates.

Once you reach your preservation age, you can withdraw these benefits if you satisfy one of the conditions of release described earlier in this section.

Unrestricted non-preserved benefits

You can withdraw unrestricted non-preserved benefits at any time, partly or in full, without having to meet a condition of release.

Investment returns that you earn on your unrestricted non-preserved benefits are preserved.

The value of your unrestricted non-preserved benefits in the Plan will decrease if the preserved benefits in your account are not enough to cover any negative investment returns, fees and costs that may otherwise be paid from your account.

Accessing insurance benefits

If applicable, insurance benefits, such as death, total and permanent disablement and terminal illness, are paid into your Plan account and may be accessed subject to satisfying a condition of release.

Rolling over to another super fund

You may transfer your money out of the Plan and into another complying super fund or retirement savings account at any time subject to the liquidity of the underlying investment options and other applicable rules and limits. This includes transferring between the Plan and Bendigo SmartOptions Pension. A copy of the Bendigo SmartOptions Pension PDS is available on our website.

If you have nominated the Plan as your Chosen Fund you should also notify your employer when you transfer your holdings out of the Plan and/or choose a different super fund as your Choice of Fund.

Note: Only $1.6m* can be transferred into a retirement phase pension account and taken as an income stream. This limit applies across all your superannuation funds.

* This is the threshold for the 2017-2018 financial year

Tax implications

Whenever you withdraw funds from your super, there may be tax implications. Please refer to the ‘How super is taxed’ section of this Reference Guide for more information. We recommend you seek advice from your tax adviser in relation to this.

Death benefits

As a member of the Plan, you can nominate for a death benefit to be paid in the event of your death. The amount of the death benefit will be the balance of your account (after any fees and tax) when you die plus any additional insurance proceeds.

You can nominate who you would like to receive your benefit upon your death by completing a Binding Death Benefit Nomination Form.

If you do not make a binding death benefit nomination, in the event of your death any benefit will be paid to your Legal Personal Representative.

A Legal Personal Representative is the executor of the will or administrator of the estate of a deceased person.

Binding death benefit nomination

You can direct Sandhurst as to who you want to receive your death benefit. You can do this by completing a Binding Death Benefit Nomination Form.

The beneficiaries you name in your binding death benefit nomination must be either your Dependants for super law purposes or your Legal Personal Representative.

“Dependants”, at the time of your death, for **super purposes** are:

- your spouse (this includes a legally married or de facto spouse or another person (whether of the same sex or a different sex) with whom you are in a relationship that is registered under law);
- your children of any age, which includes step children and adopted children;
- any person who Sandhurst believes is in an “interdependency relationship” with you at the time of your death; or
- another person, who is, wholly or partially, financially dependent on you at the time of your death.

An “interdependency relationship” is a close personal relationship between two people who reside together, where:

- one or both provides the other with financial support; and
- one or both provides the other with domestic support and personal care.

For example, “interdependency relationship” may include:

- same sex couples that do not meet the definition of a spouse
- two siblings who reside together
- an elderly parent who lives with an adult child.

However, “interdependency relationship” does not include:

- people who share accommodation for convenience (e.g. flatmates)
- people who provide care as part of an employment relationship.

The definition of dependant for **tax purposes** is different. “Tax dependants” are:

- your spouse (legally married, de facto or former spouse). A spouse includes another person (whether of the same sex or a different sex) with whom the person is in a relationship that is registered under law;
- a child under the age of 18 years;
- a person in an “interdependency relationship” with you on the date of death; or
- any other person who is wholly or partially financially dependent on you at the time of your death.

A binding death benefit nomination must be re-confirmed by you every three years. If you make a valid binding death benefit nomination, we are bound to follow your instructions regardless of whether circumstances have changed (e.g. you have re-married or have had children since you made the nomination) so it is important to ensure that you keep your binding death benefit nomination up to date.

Further information is available on the Binding Death Benefit Nomination Form contained in the Application Booklet, or on our website. You can also access a Binding Death Benefit Nomination Form via Bendigo SmartOptions Online.

Family Law and super

The *Family Law Act 1975* allows couples to divide their super interests if their marriage breaks down.

The interests:

- may be divided by a formal splitting agreement or by a Family Court order;
- can be divided in the accumulation phase (pre-retirement) either as an agreed amount or percentage; or
- can be divided in the payment phase (when you are in receipt of a pension) as a percentage of the regular pension payments.

If your super interests are split, then:

- a new interest in the Plan can be created for the non-member spouse; or
- their interest may be transferred or rolled over to another regulated super fund. Fees (as described in the 'Fees and costs' section) may apply.

Risks of super

The following section provides further information about risks of super and should be read in conjunction with the PDS.

Further information about risks of the Plan and its investment options

It is important to understand that there are inherent risks in any investment. The purpose of this section is to inform you of the types of risks that may apply to an investment in the Plan. This section is a summary of what we consider to be the significant risks that should be considered before you decide to invest in the Plan. We have broadly categorised the types of risks as either Plan or investment risks. This section does not purport to be a comprehensive list of all of the risks.

Whilst we are not able to remove all the risks associated with an investment in the Plan, we employ a range of investment and risk management strategies to identify, evaluate and manage these risks.

You should consider consulting with a financial adviser to properly understand the risks associated with the Plan, the investments that make up your investment portfolio and your attitude to investment risk.

Plan risks

There are risks in choosing to invest in super and in deciding to invest in the Plan, referred to below as 'Plan risks'.

The risk	What is this risk about	How this risk is managed
Changes to the trustee and/or administration of the Plan	Specific risks in relation to the administration of the Plan include: • the Plan or BSP could terminate; • Sandhurst could change BSP's governing rules, including fees, expenses, notice periods or withdrawal features; • Sandhurst could be replaced as the trustee of BSP; • a service provider could fail to comply with its obligations under the relevant agreement and need to be replaced; • the Plan's administrator and/or the insurance provider could alter its fees; and/or • the arrangements between Sandhurst and its insurance provider could change.	Sandhurst is obliged to always act in accordance with the Trust Deed and in the best interests of members. Subject to the terms of the Trust Deed, Sandhurst will notify members and may issue a replacement PDS or website update if material changes in the administration of the Plan occur. Sandhurst has entered into agreements with its key service providers and the insurer to the Plan that allows Sandhurst to monitor their performance and solvency, and to be notified in advance of any changes in their fees.
Changes to super and tax laws	Changes are often made to super and tax rules and laws, which may impact on your eligibility to contribute to the Plan, the management of the Plan, costs of investing in the Plan, the types of contributions you may make and your ability to access your benefits.	Sandhurst monitors super and tax related changes and provides updated information to members in BSP's Annual Report and/or on our website.
Longevity risk	This is the risk that you will outlive your retirement savings. Your account balance is not guaranteed and can go up and down as a result of many factors, including investment and market performance. The amount that you receive from your account may not be sufficient to meet your needs.	Sandhurst provides an annual statement to all members as well as daily access to their account balance information via Bendigo SmartOptions Online. We also provide various calculation tools through our education centre online that aim to assist members to identify if there is a gap between their retirement savings and how much they actually need in order to maintain the lifestyle they want in retirement.

Investment risks

These are the risks associated with choosing particular investment options offered in the Plan.

The risk	What is this risk about	Investment type to which this applies
Individual investment risk	Individual investments made through your investment options will fluctuate in value, meaning that they can, and do, fall in value for many reasons. This is an inherent risk associated with all investment options such as managed funds. However, there tends to be greater risks associated with growth assets (i.e. shares and property). The risks may decrease with more defensive assets (i.e. defensive assets are fixed interest, term deposits and cash).	All investment options
Investment manager risk	This risk is specific to managed funds. The investment managers of the managed funds offered in the Plan may fail to perform in line with expectations either in absolute terms or when considered with respect to the market, or relative to their peers.	All managed funds
Investment fund risk	The investment fund(s) held could be terminated, the fees and expenses could change, the applicable responsible entity could be replaced, any of the fund investment managers could be replaced, and other key personnel could change. There is also a risk that investing in an investment fund may give different results than investing directly in securities because of income or capital gains accrued in the investment fund, and the consequences of investments and withdrawals by other investors. Sandhurst aims to minimise fund risk by monitoring how these risks may impact the investment options and by acting in the best interests of investors as a whole.	All managed funds
Investment option risk	This is the risk that Sandhurst may change the Plan's overall investment strategy or add or remove certain investment options available in the Plan during your membership. In the event of this occurring, Sandhurst will notify you via its website or in writing.	All investment options
Market, country and political risk	The investment options may be impacted either directly or indirectly by market, country and/or political risk. Market risk relates to the performance of the market as a whole impacting on investment returns. Factors that may influence the market include economic, technological, political, tax, country and legal conditions, and even market sentiment.	All investment options
Credit risk	The risk that the credit quality of underlying investments deteriorates unexpectedly leading to less than expected income and possible loss of capital. The degree of risk varies between investment options. The failure of a debtor or other party in meeting its obligations may cause an investment option to incur financial loss.	Multi-asset class funds Single asset-class funds – fixed interest and, income and mortgage. Cash product Term deposits Annuity funds Cash Account
Concentration risk	The risk that a fund's investment strategy gives consideration to socially responsible investment criteria which may lead to the portfolio having higher concentration in some industries and lower, or no, exposure to others meaning the fund's portfolio may be less diversified than a broad index exposed to the same asset classes.	Bendigo Socially Responsible Growth Fund Australian Ethical Australian Share Fund (Wholesale) Generation Wholesale Global Share Fund Altius Sustainable Bond Fund

The risk	What is this risk about	Investment type to which this applies
Liquidity risk	This is the risk that in the event of market disruptions, some investments may not be easily converted to cash, which may affect our ability to satisfy withdrawals.	All managed funds Term deposits S&P/ASX200 listed securities
Interest rate risk	Changes in interest rates will have a positive or negative impact directly or indirectly on investment values or returns on all types of investments. The degree of risk varies between investment options.	All investment options
Currency risk	Some investment options may have exposure to overseas countries, and if their currencies change in value relative to the Australian dollar, there is a risk that the value of the investment will change. As part of formulating your investment strategy, you should make an assessment of the investment options' currency risk and its suitability to your strategy.	Multi-asset class funds International shares, international shares (hedge fund).
Counterparty risk	Counterparty risk represents the loss that would be recognised if counterparties (i.e. the other parties to an investment related contract) failed to perform as contracted.	All investment options
Derivatives risk	Some investment options may give exposure to derivatives. Derivatives risk includes the value of derivative positions not moving in line with the movement in the underlying asset, potential illiquidity of the derivative, and being unable to meet payment obligations in relation to derivative contracts.	Managed funds This risk may be particularly high for Australian shares (hedge fund) and international shares (hedge fund).
Hedge fund specific risks	Hedge funds as defined by ASIC guidelines carry some unique and specific risks as their investment strategies are different in nature to traditional managed funds. Hedge funds will use at least two of the following: • Leverage; • derivatives; • short selling; • frequent complicated trading strategies; and/or • charge performance fees.	Australian shares (hedge fund) International shares (hedge fund)

Sandhurst recommends that you seek personal financial advice in selecting the investment options that will make up your investment strategy and when changing your investment strategy.

Fees and costs

The following section provides further information on fees and costs and should be read in conjunction with the PDS.

The following table shows the fees and costs you may be charged when investing in Bendigo SmartOptions Super. Fees and costs may be deducted directly from your account, the returns on your investment or the Plan's assets as a whole. You can use the fees and costs information below to compare costs between different super products.

All the fees and costs shown in this section include stamp duty and GST, less any applicable reduced input tax credits, unless otherwise stated.

Important note: The fees and costs relate to those fees and costs incurred at the super fund level only. In order to fully understand the fees and costs that relate to selecting a specific financial product available as an investment option (i.e. an investment option that is not the Cash Account), you must consider both the fees and costs in the table below and also the fees and costs in the disclosure document for the relevant financial product. Each managed fund, term deposit and the cash product has its own product disclosure statement or offer document, available on our website, which you should read when you are considering to invest.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Investment fee	Nil	Not applicable
Administration fee	**Account balance** – **Fee** Up to $250,000 – 0.70% p.a. From $250,001 to $500,000 – 0.50% p.a. From $500,001 to $1,000,000 – 0.20% p.a. Above $1,000,000 – Nil The above tiered fee is subject to a **minimum fee** of $480 p.a.	The **tiered fee** is calculated daily on your account balance. It is charged monthly in arrears and is deducted from your Cash Account at the end of each month (or upon exit if earlier). The **minimum administration fee** is calculated monthly in arrears. If it is greater than the tiered fee calculated above, the minimum amount is deducted from your Cash Account at the end of the month (or upon exit if earlier). Where you are only a member for a portion of the month, the minimum fee will be charged on a pro-rata basis.
Buy-sell spread	**Cash Account** Nil **Managed funds and cash product** Nil at Plan level*	**Cash Account, managed funds and the cash product:** Not applicable
	S&P/ASX 200 listed securities Brokerage fee: 0.205% of the gross value of each trade, subject to a minimum of $38.44	**Brokerage fee:** Applies to each order to buy or sell a listed security, and is deducted from your Cash Account at the time of transaction.
Switching fee	Nil	Not applicable
Exit fee	Nil	Not applicable
Advice fees *Relating to all members investing in a particular investment option.*	Nil	Not applicable
Other fees and costs	Refer to the 'Additional explanation of fees and costs' section below	
Indirect cost ratio (ICR)	**Cash Account** Nil **Managed funds (excluding annuity funds) and cash product** Nil at Plan level** No ICR applies to annuity funds, term deposits and the S&P/ASX 200 listed securities.	Not applicable

* Please note the buy-sell spread is not charged at Plan level but is charged at the level of the investment. To determine the buy-sell spreads that apply to a specific financial product that is available as an investment option (i.e. an investment option that is not the Cash Account) please refer to the relevant disclosure document(s) available on our website.

** While there is no indirect cost ratio that is applied at the Plan level, where you choose a specific financial product that is available as an investment option (i.e. an investment option that is not the Cash Account), it is important to also consider the fees and costs that apply at the level of the investment (e.g. the management costs and transactional and operational costs for the managed funds), to fully understand the fees and costs that apply when investing in the chosen investment option through the Plan. Refer to the relevant disclosure document(s) available on our website for the fees and costs that relate to the specific financial product.

Sandhurst may make a payment from its own resources to an authorised distributor if your membership was arranged through them. Authorised distributors may include a Bendigo **Community Bank®** branch, joint venture or franchise Bank branch or any other related or non-related entity of Sandhurst or the Bank. Amounts are paid by Sandhurst and not by you. However, to the extent that any or all of these arrangements are prohibited by law, including the Future of Financial Advice reforms, Sandhurst will cease making these payments.

Additional explanation of fees and costs

Defined fees

The fees in this section and referred to in the 'Fees and costs' section of the PDS are defined and explained below.

Activity fees

A fee is an **activity fee** if:

(a) the fee relates to costs incurred by the trustee of the super 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 an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

Family Law Fees

Family Law Fees may also apply where you request information from us under the provisions of the Family Law Act 1975. We will charge $125 per hour for processing family law-related requests, subject to the following minimum charges:

- Application for information – minimum $100. This will be charged to the non-member spouse only.
- Payment flagging – minimum $100. When charged, this amount will be debited directly from your account.
- Payment splitting – minimum $100. When charged, $50 will be debited directly from each account at the time of the payment split.

Administration fees

An **administration fee** is a fee that relates to the administration or operation of the super entity and includes costs, other than indirect costs that are not paid out of the super entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product that:

a) relate to the administration or operation of the entity; and

b) are not otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Family Fee Aggregation:

Family Fee Aggregation (fee aggregation) allows you to link up to four Bendigo SmartOptions account(s) for the purpose of potentially reducing the Administration Fee payable and the minimum Administration Fee of $480 p.a. per account will be waived where the aggregated total of the 'linked' accounts exceeds the first Administration Fee tier. This can mean a reduction in the Administration Fee payable by all 'linked' members.

Fee aggregation allows you to link your account(s):

- within Bendigo SmartOptions Super and Bendigo SmartOptions Pension;
- with your immediate family members (as described below) accounts in Bendigo SmartOptions products.

Conditions apply:

- Each member applying to link accounts, for the purpose of fee aggregation, must be a member of the same immediate family (husband, wife, son, daughter, step son, step daughter, de facto, partner, father, mother, brother or sister), and have the same financial adviser.
- A Fee Aggregation nomination can be rejected and linking can be cancelled at any time by us at our discretion.
- Any new Fee Aggregation nomination will either need to be signed by all linked members or requested by your financial adviser (refer to the Appointment of representative information in the PDS).
- Any new Fee Aggregation nomination will override any previous nomination.
- Where you change or remove your financial adviser, linking of your account for the purpose of calculating the Administration Fee will be cancelled.
- A maximum of four accounts are allowed to be linked.

Advice fees

A fee is an **advice fee** if:

a) the fee relates directly to costs incurred by the trustee of the super 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 an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

Member Advice Fee

Warning: If you consult a financial adviser additional fees may be payable to them. Please refer to the Statement of Advice your financial adviser provides you for the details of any agreed fees which may be deducted from your account.

A fee that you incur for engaging an adviser ('Member Advice Fee') will be an advice fee. You can negotiate a one-off, an ongoing and/or an insurance Member Advice Fee with your financial adviser, for advice in relation to your investment in the Plan.

- **Member Advice Fee – One-Off:** This fee is deducted from your Cash Account and paid to your financial adviser for one-off financial advice and services provided in relation to your super account. You can agree with your financial adviser on the amount of this fee which can be up to $10,000 (inclusive of GST) per request. A new request must be supplied each time you wish this fee to be applied. If there is insufficient funds in your account to cover this fee, the fee will not be paid to your financial adviser until such time as your account has sufficient balance to meet this fee payment.
- **Member Advice Fee – Ongoing:** This fee is paid to your financial adviser for ongoing financial advice and services provided to you in relation to your super account. You can agree with your financial adviser on the amount of this fee which can be:
  - up to a maximum of 2.2% p.a. (inclusive of GST) of your account balance (calculated daily); or
  - up to a maximum of $10,000 p.a. (inclusive of GST).

  The amount of this fee is accrued daily and is deducted from your Cash Account at the end of each month. For example, on an average monthly balance (over 12 months) of $50,000, we would pay your financial adviser up to a maximum of $1,100 p.a. (based on a Member Advice Fee – Ongoing of 2.2% p.a.) (inclusive of GST).
- **Member Advice Fee - Insurance:** This fee is deducted from your Cash Account on a monthly basis and paid to your financial adviser for ongoing advice and services provided to you in relation to your insurance purchased via group insurance policies offered through the Plan. This fee will only be charged if an insurance premium has been deducted from your Cash Account. You can agree with your financial adviser on the amount of this fee which can be either:
  - up to 50% p.a. (inclusive of GST) of your insurance premium for each type of insurance cover; or
  - up to a maximum of $10,000 p.a. (inclusive of GST).

Any Member Advice Fee you have agreed to pay must be set out on your Application Form, or advised to us in writing by you or by your financial adviser with your signed acknowledgement. Any agreed Member Advice Fee(s) will be deducted from your account and paid in full to the financial adviser via his/her dealer group, until you instruct us to cease payment, when you change your nominated financial adviser or when you no longer have a financial adviser.

Buy-sell spreads

A **buy-sell spread** is a fee to recover transaction costs incurred by the trustee of the super entity in relation to the sale and purchase of assets of the entity.

If you invest in, or withdraw from, a managed fund, a buy-sell spread generally applies. However, the buy-sell spread applies at the managed fund level not at the Plan level.

The buy-sell spread is the difference between the price at which units in a managed fund are bought and sold. The buy-sell spread is not paid to the Plan, rather, it is charged and retained by the managed fund to cover transaction costs (such as brokerage) that are incurred.

To determine the buy-sell spreads that apply to a specific financial product that is available as an investment option (i.e. an investment option that is not the Cash Account), refer to the relevant disclosure document(s) available on our website.

The buy-sell spread is an estimate only and may change in the future. For the most up-to-date buy-sell spread for each managed fund please refer to the relevant disclosure document(s) available on our website.

No buy-sell spreads are charged on S&P/ASX 200 listed securities, annuity funds, term deposits or the cash product. However, a brokerage fee applies to the S&P/ASX 200 listed securities. Refer to 'Brokerage fee' below for more information.

Brokerage fee

You may incur a brokerage fee if you buy or sell a listed security through the S&P/ASX 200 listed securities investment option, including where you switch into, out of or between direct investment options. There is a minimum trade of $5,000 per listed security transaction.

The brokerage fee is 0.205% of the gross value of each trade, subject to a minimum of $38.44.

The Plan will use the trustee's broker when we receive instructions from you to buy or sell direct investments which are available through the Plan.

Exit fees

An **exit fee** is a fee to recover the costs of disposing of all or part of members' interests in the super entity.

Indirect cost ratio

The **indirect cost ratio (ICR)** for an investment option offered by a super entity is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the super entity attributed to the investment option.

Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

In relation to investment options where you choose to invest in specific financial products (i.e. an investment option other than the Cash Account), there are no costs incurred at the Plan level that would reduce your return on that investment. All of the costs that would reduce your return are incurred at the investment level and reduce the return at the investment level.

It is important to also consider the fees and costs that apply at the level of the investment (e.g. the management costs and transactional and operational costs for the managed fund investment options), to fully understand the fees and costs that apply when investing in the chosen investment option through the Plan. Refer to the relevant disclosure document(s) available on our website for the fees and costs that relate to the specific financial product (i.e. an investment option that is not the Cash Account).

The below example shows the cumulative effect of costs of the Plan and the investment level of investing $50,000 in the Bendigo Balanced Wholesale Fund.

Example: Bendigo Balanced Wholesale Fund		**Balance of $50,000**
Investment fees	NIL	For every $50,000 you have invested in the super product you will be charged $0 each year.
PLUS Administration fees (charged at the Plan level)	$480	**And**, you will be charged $480^ in administration fees.
PLUS management costs and transactional and operational costs of the selected investment	0.874% p.a.	**And**, management costs and transactional and operational costs of the selected investment of $437 each year will be deducted from your investment.
EQUALS Cost of investing		If your balance was $50,000, then for that year you will be charged fees of **$917** for investing in the selected investment option via the super product.

^ The actual amount of the administration fee will depend on your account balance, the minimum administration fee and any family fee aggregation.

No ICR applies to annuity funds, Cash Account, cash product, term deposits and the S&P/ASX 200 listed securities.

Investment fees

An **investment fee** is a fee that relates to the investment of the assets of a super 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 other than indirect costs that are not paid out of the super entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product that:

   (i) relate to the investment of assets of the entity; and

   (ii) are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Switching fees

A switching fee for a MySuper product has the meaning given by subsection 29V(5) of the SIS Act and, for super products other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the super entity from one investment option or product in the entity to another.

Insurance fees

There are costs associated with insurance cover, which are paid in the form of insurance premiums. Insurance premiums are paid from your account. For information on insurance premiums refer to the 'Insurance in your super' section of the Insurance Guide.

Other costs and expenses

The Trust Deed provides that certain costs and expenses of operating the Plan may be deducted from an Expense Reserve Account that does not belong to any individual member (i.e. unallocated revenue). As these costs, and the income they are funded from, do not form part of your account balance, they do not impact on your return but are in addition to the fees and costs set out in the table above.

When your Cash Account has a negative balance

If your Cash Account goes into a negative balance, interest will be charged at the daily rate applicable to the Cash Account for the period that your Cash Account has a negative balance.

Transactions including switches, partial withdrawals and other payments (including fees and insurance premiums) may result in your Cash Account balance temporarily going into negative until such time as your balance is restored. For further information on the Cash Account please refer to 'Your Cash Account' in the 'Investment Guide'.

Taxation

Any available tax deductions will be passed on to your account. Refer to the 'How super is taxed' section in this Reference Guide for more information.

Changes to fees

Sandhurst may change the fees and costs at any time without your consent. You will be given at least 30 days' notice of any increase in fees (unless the increase is a result of an increase in costs to the Plan).

How super is taxed

The following section provides further information on how super is taxed and should be read in conjunction with the PDS.

This is only a brief summary of the general tax issues you need to consider in relation to the Plan. It is based on tax laws, and the way they are interpreted, as at the date of this Reference Guide, and assumes you have provided us with your tax file number. We recommend you seek:

- tax advice based on an understanding of your own personal situation from a qualified tax adviser; and
- information from the ATO in respect of tax matters.

Tax on contributions

Tax is generally payable on contributions where those amounts have not been previously subjected to personal tax or where the amounts contributed exceed the concessional contributions cap or the non-concessional contributions cap (see below). Any accrued tax on contributions will be retained in your Cash Account until it is required to be paid to the ATO.

Concessional contributions

Concessional contributions are subject to contributions tax of 15% (and depending on the level of your income an additional 15% tax may also apply, see 'High income earners contributions tax' later in this section).

However, there is a limit on the amount of concessional contributions that are subject to tax at 15%, known as the concessional contributions cap. Any concessional contributions over the cap are:

- subject to additional tax; and
- count towards your non-concessional cap.

Excess concessional contributions are included in your assessable income and taxed at your marginal rate (less a 15% tax offset). You will however also have to pay the excess concessional contributions charge on the increase in your tax liability.

You may elect to have 85% of your excess concessional contributions released from your super fund to pay the bill. Released excess concessional contributions are required to be paid by us to the Commissioner of Taxation.

The amount of excess concessional contributions that is counted towards your non-concessional cap is reduced if the individual elects that excess concessional contributions be released. The amount of the reduction is equal to the amount released (grossed up for contributions tax).

Non-concessional contributions

Non-concessional contributions are generally not taxed in the Plan.

However, there is a limit on the amount of non-concessional contributions that are not taxed, known as the non-concessional contributions cap.

For the 2017-2018 financial year, this cap is $100,000* per person per financial year subject to you having a total super balance, as at 30 June 2017 of less than $1.6 million.

Your total super balance is made up of the balance of all your super and retirement phase pension accounts (within the BSP and external super funds) and rollover amounts not yet included from external super funds less the sum of any structured settlement payments for personal injuries contributed into super.

If your total super balance is $1.6 million or more and you make non-concessional contributions, they will be treated as excess non-concessional contributions.

If you are under 65 years and you have not already triggered the 'bring forward' rule for the relevant financial year, you may be able to make non-concessional contributions of up to three times the annual non-concessional contributions cap over a three-year period. This is known as the 'bring-forward' option. The following bring forward options apply for the 2017-2018 financial year:

Your total superannuation balance on 30 June 2017	Maximum non-concessional contributions cap for the bring forward period*	Bring forward period
Less than $1.4 million	$300,000	3 years
$1.4 million to less than $1.5 million	$200,000	2 years
$1.5 million to less than $1.6 million	$100,000	No bring forward period, general non-concessional contributions cap applies
$1.6 million or more	Nil	Not applicable

* To be eligible to apply the bring forward rule in any financial year, your total super balance on 30 June of the previous financial year must be less than the general transfer balance cap for the relevant year.

Transitional period

If you have triggered the bring-forward rule in 2015–16 or 2016–17 but you have not fully used your bring-forward amount before 1 July 2017, transitional arrangements will apply. We recommend that you seek professional advice if this applies to you.

The non-concessional contributions cap limit is assessed on the basis of all non-concessional contributions made for you to all super funds, not just your contributions to BSP. If you make contributions in excess of the non-concessional contributions cap, excess contributions will be taxed at 47%*

To avoid the excess non-concessional contributions tax you may elect to release excess non-concessional contributions made on or after 1 July 2013 plus 85% of the associated earning on the excess contributions.

If you elect to withdraw the excess non-concessional contributions for a financial year plus 85% of the associated earnings on those excess contributions, the amount of the excess non-concessional contributions released will reduce the excess non-concessional contributions amount for that financial year. We will pay this released amount to you. The amount of excess non-concessional contributions released would not be subject to tax when paid to you however the associated earnings would be included in your assessable income and taxed at your marginal rate, however, you would be entitled to a 15% tax offset.

If you elect not to withdraw the excess non-concessional contributions, as described above, tax is imposed on excess at the rate of 47%.*

** This is the threshold for the 2017-2018 financial year.*

Your contributions caps

	Concessional (general cap)	Non-concessional
2017-18	$25,000	$100,000
Tax on amounts over the cap	Included in your income tax return and taxed at your marginal rates (less a 15% tax offset) plus a concessional contributions charge.[1]	47%

[1] This amount is in addition to the 15% contributions tax that applies to concessional contributions.

Please note that the concessional contributions cap limit is assessed on the basis of all concessional contributions made for you to all super funds, not just your contributions to this Plan. You will be required to pay any additional tax as a result of breaching the contributions cap personally. Alternatively, you may ask the Plan to pay the tax from your super account on your behalf.

Contributions not included in the contribution caps

Contributions that do not count towards either the concessional or non-concessional contributions caps include:

- super co-contributions from the Federal Government;
- rollover amounts from other super funds;
- proceeds from the disposal of eligible small business CGT assets*; and
- personal injury payments under a structured settlement*.

* Subject to conditions

High income earners' contributions tax

Individuals whose adjusted taxable income* plus concessional contributions exceeding $250,000 in an income year, are subject to an additional tax at the rate of 15% on the lesser of:

(a) the concessional contributions; or

(b) the amount by which the individual’s adjusted taxable income* and concessional contributions exceed $250,000.

*Adjusted taxable income includes some amounts not included in taxable income.

The amount of this tax is assessed as a personal tax liability by the Commissioner of Taxation and is generally due and payable within 21 days of the Commissioner giving the notice of assessment. This additional tax does not apply to non-concessional contributions as they do not receive concessional tax treatment, or excess concessional contributions.

Deductible personal contributions

If you are under age 75 you can claim a full tax deduction for personal contributions to super provided you meet certain limits and criteria (e.g. you cannot claim a deduction for salary sacrifice contributions). Contributions to super made by you on which you claim a tax deduction will be treated in the same way as contributions made by employers for the benefit of employees (that is, the concessional contributions cap applies). For information about how to claim a deduction (including the notification you must provide to us) go to www.ato.gov.au.

Super co-contribution

If you make non-concessional contributions (i.e. don’t claim a tax deduction) and your total income* is below a certain amount, you may be eligible to receive a super co-contribution from the Federal Government.

* Total income is the sum of your assessable income, reportable fringe benefits, reportable employer super contributions less allowable business deductions.

For the 2017-18 financial year, if you are eligible and if your total income is $36,813** or less, for each $1 you contribute from your after-tax salary you will receive a super co-contribution of $0.50, up to a maximum co-contribution of $500. For those with total income over $36,813*, the co-contribution of $500 progressively reduces so that if your total income is $51,813 or over, no co-contribution applies.

** Thresholds may change each year in line with Average Weekly Ordinary Time Earnings (AWOTE). Please speak with your financial adviser for other years’ thresholds.

The ATO will work out whether you are entitled to receive a super co-contribution using information provided by the Plan and your personal income tax return.

If you are entitled to receive the super co-contribution, the ATO will deposit the super co-contribution into your account with the Plan on your behalf (so long as you have given the Plan your TFN). The minimum amount of super co-contribution is $20.

For further details about eligibility for the super co-contribution, go to www.ato.gov.au.

Spouse contributions tax offset

If your spouse makes contributions to your account on your behalf, your spouse may be able to claim an 18% tax offset on super contributions of up to $3,000 (i.e. $540). The rate progressively reduces for each dollar of your assessable income, reportable employer super contributions (such as salary sacrifice amounts) and reportable fringe benefits over $37,000, and ceases once your assessable income, reportable employer super contributions and reportable fringe benefits exceeds $40,000 or more per annum.

Your spouse would not be eligible for the tax offset if:

(a) your non-concessional contributions for the financial year exceed your non-concessional contributions cap for the financial year; or

(b) your total super balance on 30 June 2017 is $1.6 million* or more.

* This is the threshold for the 2017-2018 financial year.

For further details about eligibility for the spouse contributions tax offset, go to www.ato.gov.au

Tax deductions

Sandhurst is generally able to claim a tax deduction for any fees and insurance premiums we deduct from your account. The benefit of these tax deductions is passed on to your account, reducing the effective cost of your cover by up to 15%.

Tax on investment earnings

Investment earnings on your account are subject to tax of up to 15%. Lower rates of tax may apply as a result of capital gains tax discounts and tax credits, including dividend imputation and foreign tax credits.

Important note: We generally only deduct tax on concessional contributions (including employer contributions), and investment earnings from your account at the time we need to pay it to the ATO. This means that your account will receive interest on this amount until tax is paid to the ATO.

If you intend to claim a tax deduction on your personal contributions, tax will be deducted when we receive your completed ATO Notice of intent to claim or vary a deduction for personal super contributions form.

Tax on benefits paid to you as a lump sum

When you access your super benefit as a lump sum, part or all of this benefit may be subject to tax, depending upon the tax components of your benefit and the age at which the benefit is paid.

From age 60

Benefits received at age 60 or over are tax-free from taxed element in the Plan.

Before age 60

Benefits received before age 60 consist of two components:

- a tax-free component, which includes non-concessional contributions, the Federal Government's super co-contribution and any pre-1 July 1983 amounts; and
- a taxable component, equal to the total benefit less the tax-free component.

The table below outlines the tax treatment of benefits received before age 60 that form part of the taxed element in the Plan. Different rates apply to an untaxed element.

Component	Tax payable
Tax-free	Nil
Taxable	• If under preservation age, taxed up to a maximum rate of 22% (including Medicare Levy). • At or above preservation age and under 60, the amount up to your low rate cap amount* is nil, and the balance is taxed up to a maximum rate of 17% (including Medicare Levy).

**The low rate cap amount is indexed to AWOTE, but will only increase in $5,000 increments.* The low-rate cap is $200,000 (for the 2017/18 financial year).

Note: If you are accessing your benefit as a lump sum due to a terminal medical condition, your benefit will be tax-free.

Tax on death

The tax treatment of death benefits depends on who receives your benefit (i.e. your spouse, other dependants or your estate) and the manner of payment.

Generally, if a lump sum is paid to a 'death benefit dependant' beneficiary, the benefit will be tax-free. A 'death benefit dependant' beneficiary includes:

- your spouse or de facto partner (including a person with whom you are in a registered relationship under prescribed laws);
- your children under 18 years of age;
- any person who was financially dependent on you at the time of death; and
- any person who had an interdependency relationship with you at the time of death.

The definition of 'death benefit dependant' includes couples, and children of couples, in same-sex relationships.

If a death benefit is paid as an income stream to a 'death benefit dependant' beneficiary it may be subject to tax, depending on the components of the income stream and other matters. If you are:

- age 60 or over when you die, then the tax-free component is tax-free. The taxable component is taxed as follows: the taxed element of the income stream paid to your beneficiary will be tax-free (regardless of your beneficiary's age) and the untaxed element taxed at marginal rates, subject to a 10% tax offset; or
- under age 60 when you die and your beneficiary is age 60 or older, then the tax-free component is tax free. The taxable component is taxed as follows: the taxed element of the income stream will be tax-free and the untaxed element taxed at marginal rates, subject to a 10% tax offset; or
- under age 60 when you die and your beneficiary is under age 60, then the tax-free component will be tax-free. The taxable component of the taxed element and the untaxed element of the taxable component will be taxed at marginal rates and a 15% tax offset will apply to the taxed element only.

Only lump sum benefits can be paid to non-dependants.

A lump sum death benefit paid to a non-dependant will be divided up into two components and taxed as follows:

- Tax-free component – paid tax-free; and
- Taxable component – the taxed element is taxed at a rate not exceeding 17% (including Medicare levy), and the untaxed element at a rate not exceeding 32% (including Medicare levy),

Under BSP's rules, where there is no binding death benefit nomination a lump sum benefit will be paid to your estate.

Where a death benefit is paid to your estate, tax will depend on the extent to which beneficiaries of the estate are death benefit dependants and the components making up the benefit.

Tax on lump sum benefits paid to temporary residents

If you are a temporary resident and you withdraw a lump sum on your permanent departure from Australia, special tax rates apply. Visit www.ato.gov.au/super.

Providing your tax file number (TFN)

The Plan, under the Superannuation Industry (Supervision) Act 1993 is authorised to seek your TFN which will only be used for lawful purposes, such as administering your account and identifying you. These purposes may change in future as a result of legislative change. The TFN may be disclosed to another super provider, when your benefits are being transferred, unless you request in writing that your TFN is not to be disclosed to any other trustee.

It is not an offence to not quote your TFN. However if you do not provide your TFN when you join the Plan, there may be adverse consequences (e.g. higher tax may apply to your concessional contributions, the Plan will be unable to accept member contributions for you, the tax on super benefits may be higher and it may be more difficult to locate any lost super benefits or consolidate your super).