



Investment and Financial Services Association Limited

IFSA's Superannuation Member Charter: A New Commitment to Superannuation Members

17 November 2009

strength through association



CEO Foreword



It is critical that Australia's wealth management and financial services industry shows strong leadership and engenders heightened confidence amongst our customers.

The IFSA Super Member Charter is the beginning of a new era in financial services in Australia.

On 17 June 2009 we announced a new approach to the way fees for superannuation advice are charged and how super fund members can make 'like with like' comparisons across the industry.

This document – the IFSA Super Member Charter – takes the next step.

IFSA's 135 member companies – the retail and wholesale funds management, superannuation and life insurance industries – who are responsible for investing over \$1 trillion on behalf of more than ten million Australians, have enthusiastically embraced the Charter.

The Charter represents a pro-active, self-regulatory and far-reaching industry reform which empowers super fund members to make informed comparisons and to determine how they pay for advice.

IFSA is delighted to be playing a pivotal role in restoring greater trust in our financial system.

In this spirit I am pleased to release *IFSA Superannuation Member Charter: A new commitment to superannuation members*.

A handwritten signature in black ink, appearing to read 'John Brogden'. The signature is fluid and cursive, with a large loop at the end.

JOHN BROGDEN
Chief Executive Officer
Investment and Financial Services Association

Executive Summary

IFSA members recognise the responsibility they have as managers of a substantial proportion of Australia's retirement savings. This Charter, now endorsed by IFSA members, aims to build consumer confidence and ensure continuous improvement of the industry for the benefit of superannuation members and the economy.

The Charter focuses on creating an environment of improved transparency and flexibility in the way that advice is paid for, as well as creating a framework that will allow superannuation members to compare the performance of their investments on a 'like for like' basis.

Together, these key developments will further support superannuation members in becoming engaged in their superannuation – helping them to make active choices about the investments and services available to them.

These things are critical for competition in the superannuation industry to work for the benefit of all Australians.

The provisions of the Charter

Since the draft Superannuation Member Charter was launched on 17 June 2009, IFSA has received positive support for the aims of the Charter and some detailed feedback on the specific policies within the Charter. None of that feedback has affected the fundamental commitments made by the Charter to superannuation members.

Under IFSA's Superannuation Member Charter, commitments have been made in four key areas:

1. Increased transparency and control in payments to advisers

- 1.1 **Member Advice Fee:** Superannuation members who receive personal financial advice will be asked to agree to both the amount and method of payment. If members wish to cease their relationship with their financial planner they will be able to turn this fee off. No superannuation member will be charged for personal advice unless they actually receive that advice and agree to the charge.
- 1.2 **Plan Service Fee:** In recognition of the variety and levels of services provided by financial planners to corporate plan members, those members will be able to see the fee they pay for the support services provided by their corporate plan's financial planner. Corporate plan members will be able to opt out of receiving these services and therefore paying the charges levied for them.

2. Enhanced competition through more informed choice

- 2.1 **Investment Option Performance Comparisons:** Superannuation members will be able to confidently compare the performance and fees of investment options with other 'like' investment options available – and will have access to enough information to help them understand why the performance and fees of seemingly 'like' options may vary.

2.2 Advertising and Promotion:

Superannuation members will know that the data presented in fund advertising or promotion is based on the past performance of an actual investment option that is available to them. Performance or fee estimates/forecasts will be prohibited in all advertising material.

3. Improved regulation of the superannuation industry

Superannuation members will better understand their responsibilities in relation to their superannuation decisions and have confidence in a regulatory system that applies consistently across all superannuation funds and in relation to the advice given in respect of all funds.

4. Partnership approach with regulators and government

The policies introduced by IFSA's Superannuation Member Charter will improve transparency in the industry, give members greater control and will allow for more informed decision making to facilitate further competition in the superannuation industry. Consumer sovereignty, combined with competition, will ensure that products and services continually improve across the industry. The effective implementation of the Charter requires a partnership between industry, regulators and government.



What will be different?

- Under the Charter, superannuation members must agree to the amount they pay for the advice they receive and how the adviser gets paid.
- Under the Charter, superannuation members will have the ability to stop paying their adviser if they wish to cease their relationship with that adviser.
- Under the Charter, superannuation members will not be asked to pay for advice they do not receive.
- Under the Charter, superannuation members will have access to investment options performance information online every quarter.
- Under the Charter, superannuation members can have confidence that the investment option performance information is calculated in a consistent way.
- Under the Charter, superannuation members can have confidence that the investment option performance information they are shown relates to an actual investment option that they are actually able to invest in.

Implementing the Charter

Ultimately, the Superannuation Member Charter will lead IFSA's members and, we hope the rest of the industry, to provide improved value and greater control to superannuation members.

While the commitments within this Charter will be implemented by all IFSA members through compliance with IFSA's Standards, securing broader industry alignment with these commitments will require government and regulatory support.

IFSA is currently redrafting a number of its Standards which will be launched early in 2010, formally coming into effect on 1 July 2010.

IFSA's member companies are encouraged to implement IFSA's Superannuation Member Charter as soon as practicable and indeed, it is pleasing to note that many IFSA member companies have already announced that they will have implemented the Charter prior to 1 July 2010.

We anticipate that companies will become compliant as they roll out new Product Disclosure Statements and review their operational systems. There will be a managed transition period in the 24 months from 1 July 2010 to ensure implementation is completed by 30 June 2012.

The length of the transition period has been developed taking into account:

- the extensive liaison required with financial planners to ensure there is continued support of superannuation members;

- the time required to amend IFSA's Standards;
- the regulatory and legislative drafting process; and
- the substantial capital investment and significant operational systems changes required by member companies to implement the Charter.

The development of the IFSA Superannuation Member Charter represents a significant commitment by IFSA member companies to the continuous improvement of the industry. The investment, in terms of staff hours and capital outlay, is also significant.

In addition to support from member companies, IFSA's Superannuation Member Charter has been broadly welcomed by other associations, including the Association of Financial Advisers, the Association of Superannuation Funds of Australia, the Financial Planning Association, the SMSF Professionals Association of Australia and Australian Institute of Superannuation Trustees, along with many in the industry fund community and the peak accounting body, the Institute of Chartered Accountants of Australia.

The Charter was also endorsed in June by the Federal Government and Federal Opposition.

This commitment to superannuation members will continue to build on Australia's growing international reputation as innovators in financial services and retirement savings products.

1. Increased transparency and control in payments to advisers

1.1 Member Advice Fee (MAF)

When a superannuation member receives personal financial advice from a financial adviser in respect of an interest in a superannuation fund, they will be asked to agree the amount for that advice and how the payment will be made to the adviser. They will also have the ability to turn the payment off if they cease the relationship with their adviser.

The introduction of this policy means that no fees will be paid in respect of personal financial advice unless the service is received and the payment agreed by the member.

a. Application of the MAF policy:

The MAF policy applies to all new personal superannuation accounts (both pre retirement and post retirement) and all new corporate plans.

The policy does not apply retrospectively to existing superannuation accounts. The policy does not apply to the provision of new or existing life insurance cover through either a new or existing superannuation account.

Members transferring out of new or existing corporate plans will not pay a MAF unless they receive personal advice and agree to the amount and method of payment.

b. How the MAF will work:

Members will be asked to agree to the amount payable as the MAF and the mechanism of payment. The mechanism of payment to the adviser may be either one or a combination of the following:

- An ongoing dollar or percentage based fee paid from either the member's superannuation account or outside the superannuation account (the member will be able to 'turn the fee off' if they wish to cease the relationship with their adviser).
- An up-front dollar or percentage based fee paid from either their super account or outside their super account.

c. Disclosure of the MAF:

All new superannuation product disclosure statements and all communications to members leaving existing corporate plans must give clear explanation of:

- the fact that receiving personal financial advice in respect of their interest in a superannuation fund will trigger the MAF;
- how the trustee of the superannuation fund will administer the fee if the superannuation member agrees to have all or part of the MAF paid from their superannuation account; and
- how the superannuation member can 'turn the fee off'.

IFSA will work with stakeholders to introduce guidelines for disclosure in all documents to ensure consistency in delivery of the new MAF policy and to facilitate superannuation member understanding of the policy.



1.2 Plan Service Fee (PSF)

d. Removing tax barriers to effective choice:

At present the income tax and GST payable on advice both vary depending on how advice is paid for. This is likely to impact on the decision superannuation members make about payment of the MAF.

Tax neutrality is essential to ensure that investors are effectively able to exercise choice as to how they wish to structure their payment for financial advice – be it up-front or ongoing, paid from their super account or outside their super account.

As long as differential tax treatment applies, investors that choose to pay for their advice outside their super account may pay more for the same service as those that choose to pay from their super account.

e. SIS Act – providing funds with confidence and certainty:

In order to allow superannuation funds to offer members a real choice in the way they decide to pay for any advice they receive, the government and regulators should support trustees in becoming confident that a decision to pay for personal superannuation advice out of the product does not contravene the sole purpose test.

f. Disclosure – providing regulatory support and supervision:

Regulatory support and supervision will be required to ensure appropriate amendments to the disclosure regime are made to reflect the inclusion of the MAF in Product Disclosure Statements, Financial Services Guides and other communications to super members.

When a corporate plan is established with assistance from a financial adviser, ongoing support and administration services are often provided by that adviser to the corporate plan members. The PSF is applicable only where those adviser services are paid from corporate plan member super accounts.

Under IFSA's Super Charter, the annual statements provided to corporate plan members will include the value of the PSF being paid to a financial adviser. Corporate plan members that wish to, will be able to opt out of receiving the additional adviser services and therefore from paying the PSF.

a. Application of the PSF policy:

The PSF policy applies to all new corporate superannuation plans – that is, any new plans set up between plan providers and employers following implementation of the Charter.

The policy does not apply retrospectively to existing corporate plans or in respect of new members joining an existing corporate plan.

The policy does not apply to the provision of new or existing life insurance cover through either a new or existing corporate plan.

b. How the PSF will work:

The value of the PSF will be agreed between the employer and the corporate plan adviser when the corporate plan is established.

Corporate plan members will be able to opt out of receiving the additional adviser services and therefore paying the PSF.

c. Disclosure of the PSF:

All Product Disclosure Statements for new corporate plans must give a clear explanation of what a PSF is, how the PSF will be charged and how members may opt out of receiving the services and therefore paying the fee.

The PSF paid will be disclosed every year within annual superannuation statements along with a statement notifying members that they may opt out of paying the PSF.

IFSA will work with stakeholders to introduce disclosure guidelines to ensure consistent communication of the PSF and to facilitate superannuation member understanding of the policy.

2. Enhanced competition through more informed choice

2.1 Investment Option Performance Comparisons

To support superannuation members in making informed decisions in the Choice of Fund and investment option choice environment, superannuation members should be able to easily compare the past performance of their particular investment options with other 'like' investments. Ideally they should have access to 'up to date' investment option league tables.

This policy aims to ensure superannuation members, regulators and researchers have access to actual performance and fee data that is up to date and readily comparable.

Under the Superannuation Member Charter members will also have access to information relevant to performance outcomes via a standardised web-based disclosure regime for superannuation funds.

a. Application of the policy:

The Charter focuses on the calculation and disclosure of the past performance of investment options available to superannuation members allowing them to compare the past performance of investment options with other 'like' investment options.

It does not apply to the calculation of the actual past performance experienced by superannuation members which are disclosed within a member's superannuation statement or online account information.

Superannuation funds should be required to publish on their websites and make available to research houses or regulators performance data for all investment options that are open to new superannuation members. The default investment option

where applicable should be tagged accordingly.

Past performance must be disclosed at least once a quarter based on end of quarter data, illustrating the returns delivered by the investment option over the medium to long term (3, 5 and 10 years).

This policy excludes those superannuation Funds that have an IDPS type structure, where tax and fees are calculated and deducted at the individual member level.

Given their unique structure most superannuation funds that have an IDPS structure provide performance calculations at the individual member level. Specifically, they calculate an internal rate of return (IRR), which reflects an individual member's cash flow. This is considered to be more accurate than calculating performance at an investment option level, which is the practice used by other (pooled) superannuation structures. For IDPS operators it would therefore be a retrograde step to require performance calculations at a (pooled) investment option level. Further, where superannuation funds operate through an IDPS type structure and provide IRR calculations for individual members, they should be excluded from this policy.

b. Consistency in calculating past performance and comparing like with like:

To ensure that investors are able to compare investment options on a like for like basis, the investment option returns must be calculated consistently across the industry. Currently, different methodologies are applied by different sectors of the industry.



IFSA's members currently calculate and report past performance net of all maximum fees charged, thereby understating true performance. Non IFSA members typically calculate and report past performance without reflecting the impact of dollar based administration fees, thereby overstating true performance.

This lack of consistency risks causing confusion and means that the past performance of 'like' investment options can not be easily compared.

Ideally, investors would be able to compare past performance that reflects their experience, taking into account all fees and expenses. However, the fact that this would require the broader industry to adopt a new methodology limits this Charter's ability to deliver comparability across the industry and minimise confusion as soon as possible.

In order to secure comparability across the industry it is therefore appropriate that all superannuation funds move to calculating past performance:

- net of investment fees; and
- net of tax.

Along side performance information, Superannuation funds should also disclose any other non-discretionary fees that are charged to members within that fund that are not incorporated into the calculation of past performance.

IFSA will continue to work with third party researchers, industry, regulators and government to ensure that investment option past performance is calculated and disclosed on a consistent basis; and that

all investment options are categorised consistently and only compared with other options within that category e.g. balanced, growth, Australian equities, International equities, etc.

c. The disclosure of relevant information:

The reporting of investment option performance by superannuation funds should be accompanied by standard and relevant information that will help members understand performance differentials.

Superannuation funds will therefore implement their own web-based disclosure regime for this information so it is readily available to superannuation members, researchers, regulators and government.

The disclosure will clearly articulate the dangers of making judgements about superannuation funds and investment options by looking at performance information alone, including reference to the many reasons why performance may differ.

They will cover at least the following issues, and outline both the superannuation fund's policy in relation to each issue, and the impact the superannuation fund believes that has on their investment options' performance:

- Asset Allocations – the allocation to each asset class within the investment option, and what portion of those assets are listed or unlisted assets.

- Pricing and valuation policies – how often pricing and valuations are undertaken (or crediting rates applied, where relevant), and how often returns are allocated to members' accounts.
- Investment Vs Investor returns – how and why an investor's return may differ from the investment return.

d. Consistency – regulatory support and supervision:

Regulatory support, including supervision, will be required to ensure that the industry calculates and communicates performance information in a consistent and effective way.

The industry welcomes the opportunity to work with regulators and policy makers to secure consistency with respect to:

- How underlying assets are defined and how those definitions are applied across the industry.
- How funds are categorised into peer groups.
- How the web based disclosure regime is complied with.
- The methodology and frequency for the valuation of unlisted (illiquid) assets.
- How unit pricing methodology is applied across the industry.



2.2 Truth in Advertising and Promotion

To assist superannuation members to engage with their accounts, exercise informed choice and promote a competitive market, the disclosure of past performance, whether to researchers or through advertising must always be based on actual investment option performance.

While it is currently common practice for some in the industry to use performance data based on averages to promote or advertise products, IFSA believes that the use of average or aggregated performance risks misleading superannuation members and does not support sound superannuation decisions.

IFSA also believes that the use of “actual” past performance or fee information as the basis for projections/forecasts is misleading when used in ‘advertising material’, as the assumptions used to provide those forward estimates can be misinterpreted by superannuation members.

As has been illustrated by the Global Financial Crisis and recent market movements, the use of past performance to forecast future returns over 30-40 years can be misleading and should only be permitted in accordance with standardised assumptions and clear warnings to consumers.

a. Application of the policy:

Superannuation funds and industry organisations will no longer be able to use performance based on averages within advertising or promotional material.

All promotional and advertising material produced by superannuation funds and industry associations will use actual past performance data, for real investment options which are available for members to invest in.

The performance and fee information published must be calculated in accordance with the policy outlined for investment option performance comparisons and league tables in section 2.1 of this Charter.

All superannuation funds and industry organisations will need to review their advertising and promotional material to ensure that it complies with this policy.

b. Consistency – government and regulatory support and supervision:

IFSA welcomes the opportunity to work with government and regulators in the implementation and supervision of policies to:

- Ensure fee and performance comparisons presented in all advertising and promotional material are on a like-for-like basis.
- Apply careful scrutiny to forecasts using assumptions that are sensitive to change in the future (e.g. – fee levels and returns information).
- Apply careful scrutiny to the use of averages so as to prevent the use of ‘average hiding’ and instances where the use of averages masks a large degree of variation and can therefore be misleading.

3. Improved regulation of the superannuation industry

The policies introduced by IFSA's Superannuation Member Charter will improve transparency in the industry, help reduce costs, give members greater control and will allow more informed decision making to facilitate further competition in the superannuation industry.

Member driven competition will ensure that all service providers in the superannuation industry continue to improve the products and services available to superannuation members.

IFSA hopes to rely on government and regulators to support and supervise the policies that will facilitate member driven competition.

The government should support competition in all areas of the industry and the industry welcomes the opportunity to work with government to ensure that there is always open and active competition in the industry whereby any fund is able to compete for business.

In addition there are a number of areas where the regulatory framework should be improved to provide for greater consistency and certainty for all public offer funds and their superannuation members.

To fully support the policies within IFSA's Superannuation Member Charter, the government should also provide superannuation members with clarity about the obligations they have in relation to their superannuation investments, formally acknowledging the responsibilities of superannuation members in respect of their choice of fund and investment decisions.

In addition, IFSA calls on the government to require regulatory consistency in the supervision of all public offer superannuation funds and in relation to the advice given in respect of all funds. This includes, for example, requiring uniform licensing of providers of financial services to and in respect of self-managed superannuation funds.

a. SIS Act – support for the Superannuation Member Charter:

The asset allocation, pricing and valuation policies of all public offer funds should be aligned to the level of access members have to their accounts.

Where public offer superannuation products allow daily applications and redemptions, they should be required to implement a uniform daily unit pricing methodology for allocation of investment returns.

As is consistent with Chapter 5 C of the Corporations Act, where superannuation investment options have a strategic allocation of more than 20% to illiquid assets, they should be considered as illiquid and superannuation members invested within those options should be advised as such. The 30 day portability rule should be amended to only apply to liquid funds.

Illiquid assets should be valued at least every 12 months and the valuation frequency should drive the timing of all investor transactions such as redemptions and investment applications.



For example, if valuations are done once a quarter for all illiquid assets within an investment option, then that revaluation should be timed to coincide with a point in time (say a quarter end) and all investor transactions (redemptions, pension payments and the processing of applications) should be done in a window at quarter end. Investor transactions requested outside that window should be pending in another liquid investment option (e.g. cash).

The industry welcomes the opportunity to work with government and regulators to ensure that the pricing and valuations policies of all public offer funds are in superannuation members' best interests given the level of access members have to their accounts.

b. SIS Act – Improving member protection:

Confidence of Australians and the safety of our superannuation system is fundamental to supporting superannuation member engagement in saving for their retirement. The primary risks for superannuation members are institutional risk, operational risk, and investment risk. Where superannuation funds are not providing a defined benefit, capital is not required to underwrite these risks.

With the superannuation assets forecast to grow to \$2 trillion by 2014 and \$3 trillion by 2020¹, it is crucial that the capital requirements for superannuation providers be reviewed to ensure that they have the financial resources to act as a buffer in case of operational or governance failure.

c. SIS Act – Acknowledging the responsibilities of superannuation members:

The Act and relevant regulations should provide greater certainty for superannuation members and the industry by formally acknowledging the responsibilities of superannuation members in respect of their choice of fund and investment choice decisions.

The superannuation product provider is responsible for:

- Providing an appropriate default investment option for those superannuation members that do not make an active decision;
- Formulating and documenting one or more investment options, depending upon the type of trust, the products offered within the trust and the number and range of superannuation members;
- Managing the available investment options in a prudent manner; and
- Acquiring, redeeming and reporting on the investment options offered and selected by superannuation members in accordance with their disclosed policies.

Superannuation members are responsible for:

- Their selection of investment option (s) within the product.

d. Licensing requirements – consistency in approach:

There must be consistency in member protection measures across all superannuation products. As such, the government should take steps to ensure all members have access to improved member protection measures by requiring uniform licensing of providers of financial services to and in respect of Self Managed Superannuation Funds.

¹ Deloitte, Dynamics of the Australian Superannuation System, July 2009.

4. Partnership approach with regulators and government

The policies outlined within IFSA's Superannuation Member Charter will be incorporated into a number of new and existing IFSA Standards.

Compliance with IFSA Standards is a requirement of membership and through the Standards IFSA members demonstrate their commitment to developing policies and processes that go beyond the baseline requirements of the legislative and regulatory requirements.

However, the effective implementation of the Superannuation Member Charter also requires a partnership between industry, regulators and government. Regulatory support and supervision are required in the implementation of several of the policies outlined in the Charter and legislative changes are likely to be required in a number of areas.

a. The timetable for implementation:

A draft of the Charter was developed by the IFSA Board and published as a consultation draft on 17th June 2009.

Feedback was received by a number of companies and has been taken into account in this, the final IFSA Superannuation Member Charter.

The IFSA Superannuation Member Charter was formally adopted by the IFSA Board at their meeting on Wednesday 28 October 2009.

While IFSA's member companies are encouraged to implement IFSA's Superannuation Member Charter as soon as practicable, the policies outlined in this Charter will become embedded in IFSA's Standards, and launched early in 2010, formally coming into effect on 1 July 2010.

There will be a managed transition period to ensure full implementation is complete by 1 July 2012.

The timetable for implementation has been developed in recognition of several factors including the time required to amend IFSA's Standards as well as the regulatory and legislative drafting process.

b. The process for implementing IFSA's Super Charter – IFSA Standards:

The relevant IFSA Standards are subject to review to ensure they facilitate the policies outlined in the IFSA Superannuation Member Charter.

As is consistent with IFSA's procedure for reviewing IFSA Standards, they will be circulated for member comment and approved by the IFSA Board prior to being launched early in 2010. They will formally come into effect on 1st July 2010.

The table below indicates how various elements of IFSA's Superannuation Member Charter are being incorporated within IFSA's existing Standards:

IFSA Charter	IFSA Standard
<i>Member Advice Fee and Plan Service Fee</i>	<ul style="list-style-type: none"> • New Standard No. 19: Adviser fees in superannuation.
<i>Comparing investment options – a policy to support super league tables</i>	<ul style="list-style-type: none"> • New Standard No. 6 B: Calculation of Returns – Superannuation Investment Options • Revised Standard No. 10: Presentation of Returns Information for Superannuation and Non Superannuation Investment Options • Revised Guidance Note No. 26: Asset valuation and unit pricing for infrequently valued assets.
<i>Truth in advertising and promotion</i>	<ul style="list-style-type: none"> • Revised Standard No. 10: Presentation of Returns Information for Superannuation and Non Superannuation Investment Options.



In addition, a policy to support the establishment of investment option based league tables is under development.

The principles outlined within IFSA's Superannuation Member Charter will become enshrined within IFSA's Standard No. 1: Code of Ethics and Code of Conduct by 1st July 2012.

IFSA's Code of Ethics and the Code of Conduct is designed to promote an industry of the highest integrity. The Code recognises that the object of industry participants is to work to the highest standards of professionalism and generally meet and where possible exceed the public's expectations.

The Code of Conduct sets out the procedure for IFSA members to comply with IFSA Standards and the sanctions applied to those members in breach.

c. The process for implementing IFSA's Super Charter – monitoring member implementation:

Where a member company is not compliant by 1 July 2010, they will be required to provide an explanation of the reasons for non-compliance and their expected date of implementation as part of the annual compliance certification process.

The IFSA Standards Oversight and Disciplinary Committee will be responsible for monitoring this process.

d. The process for implementing IFSA's Superannuation Member Charter – regulatory and legislative enhancements:

Throughout the Superannuation Member Charter the areas where government and regulatory support are required have been flagged.

IFSA looks forward to a constructive dialogue with all parties on how these changes may be implemented.

Glossary of Industry Terms

Below is a glossary of the terms used within this document. It also indicates the hierarchy that operates within the industry and illustrates the importance of being true to label.

Industry The Australian superannuation industry valued at \$1076.7bn at June 2009¹ (\$703bn of which is segmented by APRA into Sectors).

Sector APRA segments the industry by 'fund' type:²

Corporate	\$54.8bn
Industry	\$191.1bn
Public	\$151.6bn
Retail	\$306.0bn

The remaining \$373.3bn largely consists of small and self managed superannuation funds.

'Fund' (Trust) The company or brand that is responsible and registered as a super 'fund or trust. APRA and other stakeholders use these terms interchangeably. The following are examples of 'funds' or trusts:

Licensees/trustees	'funds' or trusts
Sunsuper Pty Ltd	Sunsuper Superannuation Fund Sunsuper Pooled Superannuation Trust
ING Custodians Pty Ltd	ING Masterfund Retirement Portfolio Service ING Corporate Superannuation Master Trust

Product (fund) While some 'funds' only have one product, others offer a range of products to customers. The industry often uses the term fund to describe product. Many 'funds' provide access to personal superannuation products, corporate superannuation products and pension products. Some 'funds' include legacy products that are closed to new business. The following are examples of products:

'funds' or trusts	product (s)
Sunsuper Superannuation Fund	Sunsuper Solutions Sunsuper Pension Options Sunsuper Corporate
ING Masterfund	OneAnswer Personal Super Select OneAnswer Pension Select Corporate Super ANZ Personal Super ANZ Pension

Investment option Within each super product there may be 100s of investment options that are available to superannuation members within the products. The number of options will vary from one product to another (even within the same 'fund'). Superannuation members may choose from this range of options, one of which will be the 'default' option.

Default option Those superannuation members that do not make a decision are automatically placed in the 'default' option. The asset profile will vary from one product to another.

Corporate Plan Employers are required to offer their employees' access to their corporate superannuation plan, which will be invested within a corporate superannuation product available from a 'fund'. Employees may decide to join that plan or to nominate another product for their contributions to be sent to.

Member Superannuation members are those people invested in superannuation products. Whether they select their own product and 'fund' or are part of a corporate plan, the investment performance of their account depends on the investment performance of the investment option(s) they choose.

Account Each superannuation member invests within their account and their account is invested within the investment option(s) they choose, within the product they choose.

1 APRA, Statistics: Quarterly Superannuation Performance, September 2009, Page 7.

2 APRA, Statistics: Quarterly Superannuation Performance, September 2009, Page 7.



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