

## Account Based Pensions

### Supplementary Product Disclosure Statement

This is a Supplementary Product Disclosure Statement (SPDS) which supplements Part A (the QIEC Super Annual Report & Member Handbook issued October 2007) and Part B (the Account Based Pension Handbook issued in July 2007) of the Product Disclosure Statement for QIEC Super. It must be read in conjunction with Parts A and B of the PDS.

**Cooling off period:** If you apply to join the QIEC Super *Pre-Retirement* or *Post-Retirement* Account Based Pension, you will receive a welcome letter to confirm your application has been accepted. You then have 14 days from the receipt of this welcome letter to review the terms and conditions of the Pension – known as the “cooling off period”. If you wish to cancel your application for the Pension, you must notify QIEC Super of your decision, in writing, within the 14 days.

### INVESTMENTS FOR LIVING

QIEC Super is pleased to bring you the Account Based Pension annual returns for each investment option:

Financial Year Ended	Conservative Growth	Balanced Growth		High Growth
	Annual Returns at 30 June for Account Based Pension	Annual Returns at 30 June for Account Based Pension	Actual Fund Earnings at 30 June for Account Based Pension	Annual Returns at 30 June for Account Based Pension
30 Jun 07	11.80%	18.00%	18.00%	21.30%
30 Jun 06	10.90%	17.60%	17.60%	21.80%
30 Jun 05	10.30%	14.80%	14.80%	14.65%
30 Jun 04	11.00%^	14.60%	14.60%	21.70%^
30 Jun 03	-	2.75%	1.08%	-
<b>Average*</b>	<b>11.00%</b>	<b>13.41%</b>	<b>13.04%</b>	<b>19.82%</b>

\* Average is the compound average of the crediting and earning rates since inception. No information exists for Conservative Growth & High Growth options prior to 30 June 2004. QIEC Super first offered these options from 1 February 2004.

^ Returns are for the period from 1 February 2004 to 30 June 2004.

Past performance is not necessarily an indication of future performance.

The net earning rate for each of the investment options may not be the same as the rate credited to members' accounts because of the effect of expenses, taxation and the Fund's reserving policy.

## MEMBER INVESTMENT CHOICE

QIEC Super wants your super to work for you! Make your super come alive by choosing how it is invested using a choice of investment options:

- Conservative Growth
- Balanced Growth
- High Growth

It is important you understand the associated risk and potential benefits of each option. Read the table on pages 14 & 15 of the *Annual Report & Member Handbook* for more information.

Your super will remain in the option you last selected.

### How do I make an Investment Choice?

1. Have a minimum account balance of \$1,000.
2. Read pages 8 & 9 of the *Annual Report & Member Handbook*, and choose **one** option which meets your needs – your entire benefit will be directed to this option.
3. Complete a *Change of Personal Details / Member investment choice form* (page 25 of the *Annual Report & Member Handbook*) and send it to QIEC Super.

You can switch up to four times a year. Your switch will be effective on 1 July, 1 October, 1 January or 1 April.

You are entitled to one free switch each financial year, any additional switches will incur a \$50.00 switch fee.

The Balanced Growth option is the default option.

## FEEES AND OTHER COSTS

### Consumer advisory warning

#### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.**

**For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.**

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a superannuation fee calculator to help you check out different fee options.

Please note that QIEC Super is unable to negotiate fees with individual members as we do not charge any contribution fees or advisory fees.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Taxes are set out in the *Annual Report & Member Handbook*.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs for particular investment options are set out on page 4 of this document.

## Type of fee or costs for Annual Based Pension

## Amount

## How & when paid

Fees when your money moves in or out of the fund of Account Based Pension

<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment – either by you or your employer	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	\$50.00	Deducted from any lump sum withdrawals from the Fund, except for any amount payable on death.
<b>Termination fee</b> The fee to close your investment	\$50.00	As stated under <i>Withdrawal fee</i> – this is not an additional fee.

Management costs

<b>Operational cost</b> The fees and costs for managing your investment. Comprises Operational and Investment management costs of the Fund not deducted directly from your account. The amount you pay for specific investment options is shown at page 4.	0.75% – 1.01% p.a. (\$7.50 to \$10.10 per \$1,000)	Percentage of fund assets, deducted from the Fund's investment earnings before the interest crediting rate is determined.
<b>Administration cost</b> <b>Account keeping fee</b> The fee for general administration of your account	\$2.00	Deducted weekly from your account balance.

Service fees

<b>Investment switching fee</b> The fee for changing investment options	\$50.00	Deducted from your account balance at the time of your second and subsequent switches in the same financial year. No fee is charged for your first switch in each financial year.
--	---------	---

## Additional Explanation of fees and costs

- For Tax costs, refer to the Annual Report & Member Handbook. The Fund passes the benefit of any taxation deductions indirectly to members through the interest crediting rate.
- Family law enquiry fee of \$110.00 is charged to process requests for information from your spouse, and is payable by cheque by your spouse at the time of processing a request for information.
- Family law splitting fee of \$100.00 is charged for splitting an account under Family Law Act legislation, and is divided evenly and deducted from your's and your spouse's account balances at the time of processing the split.
- QIEC Super does not charge any advisory fees.
- Fees and charges may be reviewed at any time by the Trustee. However, members will be notified in writing at least 30 days in advance of any increase to a fee charged by the Trustee. The Indirect costs of the Management Costs comprises expenses of the fund, including fees paid to investment managers, and these may change at any time.
- The Management Costs exclude performance fees paid by the fund to underlying investment managers, where the manager has outperformed a pre-determined benchmark. For the year ended 30 June 2007, total performance fees represented 0.06% of the Fund's average net assets and were paid to four investment managers who outperformed their respective benchmarks of the Mercer Unlisted Property Index, the UBS Bank Bill Index, the S&P/ASX Small Ordinaries ex Listed Property Trusts Index plus 5% and the UBS Australian Bank Bill Index plus 6%.

## Example of annual fees and costs for a balanced investment option for the Account Based Pension

This table gives an example of how the fees and costs in the balanced investment option for this product can affect your superannuation investment over a 1 year period. You should use this table to compare this product with other superannuation products.

<b>EXAMPLE</b> – the Balanced Investment Option	Balance of \$50,000 with a contribution of \$5,000 <sup>^</sup> during year	
Contribution fees	Nil	For every \$5,000 <sup>^</sup> you put in, you will be charged \$0
<b>PLUS</b> Management Costs	0.94% + \$104.00 p.a. (\$2.00 per week)	<b>And</b> , for every \$50,000 you have in the fund you will be charged \$470.00 each year plus \$104.00 in account keeping fees, regardless of your balance
<b>EQUALS</b> Cost of fund		If you put \$5,000 <sup>^</sup> in during a year and your balance was \$50,000. Then for that year you will be charged fees of:  <b>\$574.00*</b>  What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

\* Additional fees may apply

<sup>^</sup> An Account Based Pension is unable to accept further contributions after it has commenced

## Operational costs for each investment option

Investment option	Operational cost* p.a.
Conservative Growth	0.75%
Balanced Growth	0.94%
High Growth	1.01%

\* Operational costs deducted from the Fund's investment earnings before the interest crediting rate is determined

## You benefit through low fees and no commissions

QIEC Super is a profit-for-members superannuation fund, which means that you benefit as all profits are returned to members. QIEC Super charges pension members a low Account keeping fee of \$2.00 per week. There are no entry or advisers' fees. QIEC Super does not pay commissions or incentives to agents.