



# Fee definitions

## Activity fees

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

- (a) the fee relates to costs incurred by the trustee of a superannuation fund 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 advice fee or an insurance fee.

## Administration fees

An **administration fee** is a fee that relates to the administration or operation of the superannuation fund and includes costs that relate to that administration or operation, other than:

- (a) borrowing costs; and
- (b) indirect costs that are not paid out of the superannuation fund that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the fund or in an interposed vehicle or derivative financial product; and
- (c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

## Advice fees

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

- (a) the fee relates directly to costs incurred by the trustee of a superannuation fund because of the provision of financial product advice to a member by:
  - (i) a trustee of the fund; or
  - (ii) another person acting as an employee of, or under an arrangement with, a trustee of the fund; and
- (b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.

## Buy-sell spreads

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

## Exit fees

An **exit fee** is a fee, other than a buy-sell spread, that relates to the disposal of part or all of a member's interests in the superannuation fund.

## Indirect cost ratio

The **indirect cost ratio** (ICR), for a MySuper product or an investment option offered by a superannuation fund, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation fund attributed to the MySuper product or investment option.

## Insurance fees

A fee is an **insurance fee** if:

- (a) the fee relates directly to either or both of the following:
  - (i) insurance premiums paid by the trustee of a superannuation fund in relation to a member or members of the fund;
  - (ii) costs incurred by the trustee of a superannuation fund in relation to the provision of insurance for a member or members of the fund; and
- (b) the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk; and
- (c) the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an advice fee.

## Investment fees

An **investment fee** is a fee that relates to the investment of the assets of a superannuation fund 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 that relate to the investment of assets of the fund, other than:
  - (i) borrowing costs; and
  - (ii) indirect costs that are not paid out of the superannuation fund that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the fund or in an interposed vehicle or derivative financial product; and
  - (iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee;

but does not include property operating costs.

## Switching fees

A **switching fee** for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation fund from one class of beneficial interest in the fund to another.

A **switching fee** for superannuation 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 superannuation fund from one investment option or product in the fund to another.