

# FactSheet

## Understanding your investment returns and crediting rates

### Important information

This information is about Cbus Super and doesn't take into account your specific needs. You should look at your own financial position, objectives and requirements before making any financial decisions. Read the relevant Cbus Super Product Disclosure Statement to decide if Cbus Super is right for you. Call **1300 361 784** or visit [cbussuper.com.au](http://cbussuper.com.au) for a copy.

Cbus' Trustee: United Super Pty Ltd  
ABN 46 006 261 623 AFSL 233792 as Trustee for the Construction and Building Unions Superannuation Fund ABN 75 493 363 262 (Cbus and/or Cbus Super)

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Crediting rates are used to calculate the earnings generated by investments.

### What are crediting rates?

Crediting rates are the earnings generated by your investments after investment fees and tax are deducted and are shown as a percentage.

Crediting rates for all investment options are calculated each business day and published on our website from 11.59pm (AEST/AEDT) the following business day.

Daily crediting rates can go up and down as investment markets and asset values change and may be positive or negative depending on investment market performance.

Until 31 January 2020, crediting rates included the percentage-based administration fee. Crediting rates also exclude fees and costs that are deducted directly from members' accounts.

### What do crediting rates include?

Daily crediting rates include changes in Australian asset valuations up until 4.00pm (AEST/AEDT) each business day, and changes in international asset valuations that occur on the same day overseas, which can be overnight in Australia.

Listed assets (such as Australian and global shares) are valued daily but some investments are valued less frequently; for example, physical assets such as unlisted infrastructure and property. Any change in valuation is factored into the daily crediting rates as soon as it is received.



## How are crediting rates calculated?

Each day, our custodian calculates the values of assets in each investment option. Daily declared crediting rates are then determined based on these valuations, after accounting for investment fees and costs and taxes.

Daily crediting rates do not include the fixed and percentage-based administration fees that we deduct to manage your account – administration fees are deducted separately from your account monthly.

For more information on the fees and costs associated with managing your investment option(s), please see our *Fees and costs Fact Sheet*.

## Crediting rates, compounding and online account balances

Crediting rates are calculated and compounded on a daily basis, and this is what is used to estimate investment returns and account balances which you can see in your online account and via the Cbus App.

Your Annual Member Statement that is sent to you via mail or electronically shows your account balance as at 30 June each year, but your online account shows your account balance with a two business day lag time. For instance, if you are logging in to your account on Thursday, you will likely see the balance based on your account balance calculation from Tuesday.

Your online account balance changes every day based on the performance of the underlying investments (via the crediting rate) and any transactional inflows/outflows that occur (e.g. contributions, withdrawals, insurance premiums, fees). This is completely normal and not unique to Cbus.

## What are compound returns?

Compound returns are the investment returns you receive on:

- the money initially deposited in your account.
- the regular contributions you make (if applicable); and
- any investment returns that get credited to your account.

Compounding can help your retirement savings to grow faster, and it happens automatically because any investment returns are credited directly to your account.

## Where are daily crediting rates published?

The estimated daily crediting rates shown on the website are based on information available at the time and rounded to two decimal places. This means that the actual daily crediting rate could be slightly above or below the daily crediting rate shown on our website. This is why calculating compound investment returns using the estimated daily crediting rates published on our website may result in a slightly different outcome to the account balance calculated post June 30 each year.

## When are crediting rates applied?

The daily crediting rate is calculated the following business day and applied to your account balance overnight. Although crediting rates are calculated daily and displayed as an estimate in your online account, investment earnings will only be applied transactionally to your account at the earliest of the following events:

- At 30 June when the final crediting rate for the full financial year has been declared in July and backdated to your account for 30 June.
- If you make a full or partial switch out of your investment options during a financial year.
- If you make a full or partial exit out of your account from the fund.

Crediting rates are applied to your contributions and transfers from the day of receipt. If we cannot allocate monies when received, the monies will remain in a trust account until they are able to be allocated or refunded after 30 days without interest. Any interest earned on the unallocated monies held in trust will be allocated to fund reserves for the benefit of members.

## Annual investment earnings

At the end of each financial year (30 June) when all relevant information is available, we calculate actual daily crediting rates up to four decimal places and apply them to member's accounts to produce Annual Member Statements.

This is the final declared crediting rate for the whole financial year and it is applied to your account in July. It is shown in your online account as a one off 'interest' payment. The applied crediting rate could either be positive or negative depending on investment markets and asset value changes.

Your Annual Member Statement (which is sent after the end of the financial year) also shows your applicable investment earnings (either positive or negative) as a one-off transaction.

The only other times actual investment earnings are applied to your account (either positive or negative) is if you make a full or partial switch out of your investment options, make a partial withdrawal or close your account.

As we use daily crediting rates to estimate your account balance each day over the course of the year, it is important to note:

- The final declared crediting rate should not be viewed as a percentage amount that will be applied to your actual account balance at 30 June – investment earnings are calculated by compounding daily declared crediting rates.
- The final earnings that appear in your account are based on each individual daily declared crediting rate and the daily balance of your account at that point in time. Throughout the year, your daily balance can be impacted by other transactions. For example, it can go up as contributions are received, and down as fees and tax are deducted.
- The final declared crediting rate should not be significantly less or significantly more than your accumulated estimated daily account balance on or around 30 June.
- Once the final declared rate is shown in your account, if you view online, you will see an 'interest' transaction dated 30 June which is your investment earnings for the financial year. This could either be a positive amount or a negative amount depending on investment markets and asset value changes.

## Other types of crediting rates

### Monthly

Monthly crediting rates are only calculated for accounting, tax and performance purposes and reported on our website. We do not apply this to your account.

### Financial year to date

Financial year to date crediting rates provide guidance on the performance of investment options from 1 July to the most recent date and is based on daily calculated crediting rates.

## What happens if I change investment options?

If you change investment options, the crediting rate that is applied is the daily crediting rate for the close of business on the day you action the change.

If we receive your request before 4:00pm (AEST/AEDT) on a weekday, your change is processed and effective from the start of the next national business day\*. You will see this change reflected in your account two national business days later.

If we receive your request after 4:00pm (or on a weekend or public holiday) it takes an extra national business day to process.

Changes for future contributions are processed as soon as they are received, so you can change the investment option your contributions are paid into at any time.

For partial switches, the remainder of your balance continues to accrue earnings daily in your existing investment option.

The minimum amount you can change in each investment option is \$1,000, unless you are switching your entire balance.

### Think before you change investment options

It's important to consider the range of investment options available, your investment time frame and the impact of switching, particularly in response to short-term ups and downs in investment markets.

If you need help choosing an investment option that's right for you, call us on **1300 361 784** or speak to your financial adviser.

## What happens if I withdraw from my account or exit the fund?

If you tell us you want to withdraw some or all of your super balance (if eligible) or transfer it to another fund, you can make a full or partial exit and you will receive the last calculated crediting rate prior to processing your request and an interim rate for one day (which is currently zero). For partial exits, the remainder of your balance continues to accrue earnings daily in your existing investment option/s.

Please note, if you transfer your account between Cbus Super products such as in to a Transition to Retirement or a Fully Retired account, the transfer will be treated as a withdrawal, even though you may choose the same investment option(s).

\* This is to account for overnight share market movements overseas. A national business day is a weekday that is not a national public holiday or the NSW/VIC King's Birthday public holiday.

## Case study 1

**Learning more about how the annual declared crediting rate is applied to your account.**

Tom has a super account with Cbus Super and receives monthly employer contributions of \$1,000 at the beginning of each month.

Tom receives an email communication from Cbus Super on 15 July 2023 that the Growth (MySuper) investment option delivered a 10% investment return for the 2023 financial year.

Tom logs into his online account and expects his current account balance from 30 June 2023 of \$20,000 will have an additional 10% added to it. He thinks Cbus Super has made an error when he sees his account balance hasn't gone up by another \$2,000.

Tom is using his current estimated account balance on 30 June 2023 plus the annual declared crediting rate to calculate his 'investment earnings' which is incorrect.

The estimated account balance already includes the investment return generated over the year including contributions received during the year. The 10% is the annual investment return for the Growth (MySuper) investment option and applies to amounts invested for the entire 12-month period. Tom's \$1,000 monthly contributions have investment returns applied to them but only from the date they are received. While the first \$1,000 contribution may have had 12 months investment returns applied, the final \$1,000 contribution may have had only one month's worth of investment returns applied.

**Please note this is not representative of the actual Cbus Super return and is for illustration purposes only.**

## Case study 2

**Learning more about how the crediting rate is applied to your account if you exit the fund during heightened market volatility.**

Anjali is currently invested in the Growth (MySuper) investment option and has submitted a full withdrawal request.

At the time, investment markets are experiencing heightened volatility and the financial year to date return for the Growth (MySuper) investment option is negative.

Once the withdrawal request is processed, Anjali will receive the last calculated crediting rate prior to processing the request.

If the current financial year to date accumulated daily crediting rate is negative, then this negative investment return amount will be shown as an 'interest' deduction from her account as a single transaction prior to the withdrawal.

This application of investment earnings is not unique to Cbus and would occur with any other super fund who uses daily crediting rates to calculate investment earnings during a period of negative investment market performance.

This process also occurs if you make a partial withdrawal or switch between investment options.

**Please note this example is for illustration purposes only.**

**How do I get an estimate of my latest account balance?**

You can get an estimate of your account balance by:

- Logging into your online account via the Cbus App or at [cbussuper.com.au/login](https://cbussuper.com.au/login)
- Calling us on **1300 361 784**.



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**1300 361 784**  
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