ASISA RETIREMENT FUND STANDARD: EFFECTIVE ANNUAL COST (EAC) FOR INDIVIDUAL FUND MEMBERS
(referred to throughout as "the Standard")

Approved by the ASISA Board on 28 May 2019
Effective from 1 October 2020

Amended certain table headings version 19 July 2022 approved by Marketing and Distribution Board Committee. Please note that certain table headings have been amended to make them more understandable to clients but only comes into effect on 30 June 2023. However, those ready to implement the changes sooner may do so. Those not yet ready to do so must apply the existing table headings.

1. Introduction

All ASISA members are committed to operating within the Treating Customers Fairly six outcomes framework. Outcomes 1 and 3 have relevance to this Standard: "Customers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture"; and "Customers are provided with clear information and are kept appropriately informed before, after and during the point of sale".

To this end ASISA members have developed a standardised retirement savings cost disclosure methodology that can be used by retirement fund members of Financial Products as defined below (hereinafter referred to as "Fund Members") to review and/or compare charges on retirement fund products, and their impact on investment returns, so that Fund Members are in a position to make better informed decisions around both new and existing retirement fund product choices.

2. Scope

This Standard applies to ASISA members as sponsors of commercial retirement fund products (hereinafter referred to as "Providers") including but not limited to umbrella funds and in-fund living annuities (i.e. non GN 18 living annuities) (hereinafter referred to as "Financial Products" for purposes of this Standard). Fund Members may request an EAC calculation directly from Providers.

The Standard does not apply to unclaimed benefit funds, compulsory purchase guaranteed non-profit Life Annuities or to any retail products included in the scope of the ASISA Retail Standard: Effective Annual Cost (EAC) (including, but not limited to memberships of retirement annuity funds and preservation funds).

This Standard sets out the minimum disclosure requirements in addition to the disclosures required in terms of the relevant legislation. It does not replace any existing standards. The Standard applies to the savings element only and does not apply to risk benefit costs in this context unless otherwise specified in regard to a specific calculation methodology.

3. General principles and governance

3.1 General principles

3.1.1 In the application of this Standard, a Provider shall comply with the following well-accepted principles that disclosures should:

- be timely;
- be relevant and comprehensive;
- promote product understanding;

- promote product comparisons;
- highlight important information; and
- have regard to consumer needs.

3.1.2 Where a Provider is required to exercise its discretion in applying this Standard, its discretion will be exercised reasonably, with due regard to the objectives of this Standard as set out in the Introduction and Scope sections above, and with due regard to the above disclosure principles.

3.1.3 All charges and costs incurred or that will be incurred over the relevant period in respect of the retirement fund or "sub-fund" as applicable, whether explicitly or implicitly charged, are to be included in the said cost disclosure to the client. Sub-Fund for the purposes of this Standard refers to participating employers in an umbrella fund and means the component of the umbrella fund representing the exclusive interests of the fund members of a particular employer or group of employers. Where a charge is not available, a reasonable best-estimate must be used and explained in the free text notes. Where a charge or cost is paid for by any other party, such as an employer, this should be disclosed and explained in the free text notes.

3.1.4 Where this Standard specifies the component to which a charge must be assigned, the charge must be assigned to that component. Where no component has been specified for a charge, and the charge does not appear to align exactly with a component, a Provider must exercise its reasonable discretion to assign the charge to one or more components to which it most closely aligns and must explain the reasons for its decision in the free-text notes.

3.1.5 A Provider must ensure that all values used in calculations are accurate and comprehensive, and that its calculations are accurate. Where any value is not available, a Provider shall use a reasonable and best estimate of the value and shall state that it has done so in the free text notes.

3.1.6 A Provider shall not manipulate any values or calculations, or use any wording in free text notes which purports, to, at any point in time:

3.1.6.1 inflate the projected or anticipated performance of a Financial Product;

3.1.6.2 make a Financial Product appear less expensive; or

3.1.6.3 present any other skewed, inaccurate, untrue, biased, misleading or incomplete view of a Financial Product to a Fund Member.

3.1.7 Where prescribed, the exact form and wording of mandatory disclosures must be utilised. Providers may add further explanatory wording to the mandatory wording as they deem necessary taking cognisance of the principles set out in the Standard.

3.1.8 In all free text notes, a Provider must use plain language appropriate to the target market and ensure that the disclosure or explanation therein adheres to the rules, principles and objectives set out in this Standard, and the well-accepted disclosure principles set out in paragraph 3.1.1 above. The free text notes must in addition, appear directly beneath the table in an easily legible font size.

3.1.9 Where rebate arrangements exist but the rebate is not passed on to the Fund Member, the relevant EAC component from which the rebate has been deducted must be shown net of the rebate, and the relevant EAC component to which the rebate is added must be shown as including the rebate, and this must be explained in the free text notes.

3.1.10 Where rebate arrangements exist and the rebate is passed on to the Fund Member, the relevant EAC components from which the rebate was deducted must be shown net of the rebate, and this must be explained in the free text notes.

3.1.11 Where the purchase of a Financial Product requires a Fund Member to waive or forego a benefit related to that Financial Product (such as for example, dividends), the loss of such benefit and the effect thereof on the Fund Member must be clearly explained in the free text notes.

3.1.12 Where a Provider applies a charge which relates to one Financial Product, to another product (whether or not a Financial Product as defined in this Standard) or person or entity (a practice known colloquially as "charge-shifting"), the amount of the charge as it would or should have applied to the Financial Product in question must be clearly disclosed in the free text notes. (See the example in Annexure A)

3.1.13 Where a Provider shifts charges within a Financial Product by applying a charge which would ordinarily have been allocated to a particular EAC component (for example, advice) to another EAC component (for example, administration), this must be clearly explained in the free text notes.

3.1.14 Where a Provider earns all or part of its income from the Financial Product by limiting the Fund Member's exposure to investment returns, the cost to the Fund Member of the risk adjusted expected annualised foregone investment returns must be shown and clearly explained in the free text notes.

3.1.15 Any voluntary fee or benefit payments received outside of the Financial Product structure (for example, under loyalty programmes) should be excluded from the calculation component and must be explained in the free text notes. Where there are compulsory fee or benefit payments that form part of the Financial Product structure, these must be included in the calculation component and explained in the free text notes.

3.1.16 Other disclosures and communications directed at Fund Members and prospective Fund Members must not undermine, obscure or contradict the EAC disclosures.

3.2 Governance

Compliance certificates

3.2.1 Every Provider shall submit a certificate to ASISA, annually, within 3 months of 31 December, which certificate shall:

- be signed by the Provider's CEO and either the Provider's auditor, statutory actuary, or chief compliance officer; and
- certify that the signatories are satisfied that all the Provider's calculations and disclosures comply in all respects with the letter and spirit of this Standard.

Complaints and/or Disputes

3.2.2 Any third party may request in writing, a Provider to provide confirmation that its calculations and/or disclosures for any Financial Product are correct and comply in all respects with the letter and spirit of this Standard (the third party shall be referred to in the Standard as the "Complainant").

3.2.3 A Provider shall respond in writing to such Complainant's request under para 3.2.2 within 15 business days of receipt of the request.

3.2.4 Where the 15 business day period in 3.2.3 is not adhered to, alternatively, the Provider's response fails to resolve the request to the satisfaction of the Complainant, the Complainant may elect to notify ASISA by setting out a concise description of the complaint in writing. ASISA may in turn refer the matter to an ASISA-nominated third party for verification.

3.2.5 All Providers shall co-operate fully with ASISA and provide all such data and information to ASISA as may be requested by ASISA or the ASISA-nominated third party for purposes of verification of the Provider's calculations and disclosures. All correspondence received is treated confidentially (maintaining anonymity of the Complainant) and shared only between the Complainant, the Provider, ASISA and/or the ASISA-nominated third party.

3.2.6 Following investigation of the complaint, ASISA or the ASISA-nominated third party will first provide a provisional determination. If either the Complainant or Provider is not satisfied with the determination, that party has 15 business days following receipt of the determination to respond with their concerns, which response shall then be sent to the other party for their right of response within 15 business days of receipt thereof. Upon receipt of all responses by ASISA or the ASISA-nominated third party, the matter will be re-assessed, and a final, binding determination provided.

3.2.7 Where ASISA and/or the ASISA-nominated third party's determination finds that the Provider's calculations and/or disclosures do not comply with this Standard, the

Provider shall, to the fullest extent possible, withdraw all erroneous disclosures from the public domain and rectify the erroneous disclosure in the manner specified by ASISA and/or the ASISA-nominated third party within 30 business days of receipt of ASISA's notification; or such other reasonable period as agreed with ASISA and/or the ASISA-nominated third party. The Provider shall furthermore rectify any systemic causes for an erroneous disclosure in order to ensure that such errors are not repeated.

4. Calculation principles and methodology

General

4.1 The cost disclosure measure comprises four separate components into which various charges are allocated. The components are:

- investment management charges (IMC);
- advice charges;
- administration charges; and
- other charges.

4.2 The EAC is calculated separately for each of the four components and then summed to derive the EAC for the Financial Product as a whole, using the following formula:

EAC[total] = EAC[IMC] + EAC[Advice] + EAC[Admin] + EAC[Other]

4.3 The value for each of the components, as well as the total, is displayed in a table at four mandatory disclosure periods in accordance with the table in Annexure A below (referred to as "the Disclosure table"). The four mandatory disclosure periods are 1, 3, 5 years and age 55 as the last disclosure period. If, however, an EAC is requested post age 45, and for in-fund living annuities, the four mandatory disclosure periods are 1, 3, 5 and 10 years.

4.4 The following standard assumptions must be used in the EAC Calculations:

4.4.1 Either the Fund Member's actual product option, contributions, investment choices and drawdown rate (where applicable) should be used in the calculations, or where the Fund Member requests otherwise, the information as provided by the Fund Member directly should be used;

4.4.2 Salary escalation at 6% per annum with the first such increase taking place 12 months after the date of the EAC calculation, and every 12 months thereafter;

4.4.3 Price inflation of 6% per annum with the first such increase taking place 12 months after the date of the EAC calculation, and every 12 months thereafter;

4.4.4 Investment growth of 6% effective per annum (gross of all charges);

4.4.5 Any existing assets from a current retirement fund to be transferred in terms of Section 14 of the Pension Funds Act coincident with the commencement date. If the value of the existing assets as described above is unknown, the EAC will be calculated using the value as provided to the Provider by the Fund Member;

4.4.6 Group Risk Insurance premiums and related costs/commissions to be excluded from the build-up. Where a portion of costs/commission is excluded from the build-up because they are deemed to be in respect of risk benefits, this must be clearly explained in the free text notes;

4.4.7 Any costs or charges levied on the fund (for example activity based fees) not included in the calculation, must be disclosed prominently in the free text notes.

4.5 The calculations must reflect the actual method by which charges are recovered (e.g. % salary, % assets, % contributions, rand per member per month etc.).

4.6 All charge components are to be shown inclusive of VAT where applicable. This may be explained in the free text notes.

4.7 All values are to be shown in percentages to either one or two decimal places, at the discretion of a Provider (rounded up from 5 and above and rounded down from 4 and below – see below examples). A Provider's discretion may also extend to different products within their group of companies (for example, the life company within a group may utilise 1 decimal place whereas the Manco utilises 2 decimal places).

Rounding example:	**One decimal place (i.e. look to the nearest hundredth)**	**Two decimal places (i.e. look to the nearest thousandth)**
1.446	= 1.4	= 1.45
1.456	= 1.5	= 1.46

Simplified approach vs RIY methodology

4.8 The incidence of the cash flow (i.e. lump sum or recurring investment) and the nature of the charge (i.e. initial or annual charge), will determine whether a simplified approach to the calculation is used or whether a reduction in yield methodology is required.

4.9 The simplified methodology requires that a charge ordinarily complies with all of the following conditions, and is then included in the EAC as the actual percentage of the charge:

4.9.1 the charge is expressed as a percentage of the value of the investment; and

4.9.2 the charge is deducted from or added to the investment on a consistent and ongoing basis; and

4.9.3 the percentage of the charge is level over the duration of the disclosure period.

4.10 For lump sum (single premium) Financial Products, where there is an initial charge that is expressed as a percentage of the investment, the charge which is included in the EAC must be amortised on a straight line basis over the relevant disclosure period i.e. the initial charge is divided by the number of years in the disclosure period being considered.

4.11 All charges that do not conform to the simplified methodology conditions above, must be calculated on a RIY-basis as set out in more detail in paragraph 6 below. In this event, a single RIY calculation per component should be performed. This RIY-determined charge must then be added to any charges which were able to be calculated on the simplified basis.

Reduction in investment value only as a result of charges

4.12 Providers may, in addition to the existing EAC table and disclosures, disclose an additional line item in respect of the year 1 disclosure period EAC value, indicating the percentage reduction in investment value at the end of that period as a result of all applicable charges during and at the end of year 1. This charge will be calculated as follows:

1 – [Year 1 Fund Value / Year 1 inflows accumulated at the prescribed growth rate]

This additional charge may be reflected either in a separate table underneath the EAC table (as set out in the example in Annexure A), or as part of the free text notes, but must clearly disclose that the value depicted is in respect of the year 1 disclosure period only.

Existing Financial Products

4.13 When calculating an EAC for existing Financial Products, the market value as at the date of the EAC calculation must be used. The market value of a specific investment is the sum of the values of all the underlying funds or assets (as applicable) in which that investment invests. Providers may, in addition to the existing EAC table and disclosures, disclose an additional row below the EAC table, indicating the EAC value using the realisable value as a starting point (as set out in the example in Annexure A). The realisable value is the market value at the time of calculation less any exit charge plus any loyalty bonus which would be added to the investment on withdrawal or transfer of your retirement savings benefit from the Financial Product. This additional EAC value must be clearly explained and disclosed in the free text notes.

4.14 If the EAC is required for an existing Financial Product in the middle of the month, the EAC calculation can be done using any of the following as the starting point of the calculation, taking into account all charges from the current date: the starting date of the current quarter (subject to paragraph 4.15), or the current date, or any date within a month from the date of request.

4.15 Subject to paragraph 3.1.3, when calculating an EAC for a Financial Product, no information or data that is more than one quarter out of date may be utilized.

4.16 If the market value of an existing Financial Product falls below zero at any point in the RIY calculation, no EAC is required to be disclosed from that point onwards.

5. The calculation methodology for each component

5.1 The Investment Management Charge [EAC(IMC)]

The EAC(IMC) component includes all costs and charges for all underlying investments, as set out in the "ASISA Standard: Calculation and Disclosure of Total Expense Ratios and Transaction Costs". In the absence of a TER or Transaction Costs, an equivalent charge calculated according to the principles in the "ASISA Standard: Calculation and Disclosure of Total Expense Ratios and Transaction Costs" should be utilised.

Where a Fund Member has made the choice to invest into a life-stage type product where known switches will occur at certain times in the future, this must be taken into account and reflected in the EAC(IMC).

The EAC(IMC) is equal to the sum of the weighted average TER and transaction costs of the underlying funds and investments. Providers should endeavor to use the latest available costing values in the calculation. The EAC(IMC) is calculated as follows:

Investment Type	No initial charge	Initial charge (IC) percentage
Lump Sum	EAC = TER + transaction costs	EAC = TER + transaction costs + IC/n
Lump Sum + Contributions	EAC = TER + transaction costs	EAC = TER + transaction costs + RIY (IC)

n = number of years in disclosure period
TER = net TER after deduction of all rebates (refer to 3.1.9 and 3.1.10 above)

If the EAC is calculated for a Financial Product and the fund allocation of the future contributions / additional contributions differs from that of the existing investment, the simplified approach may not be used to determine the EAC(IMC). The RIY methodology, or any other method which approximates the outcome of the RIY methodology at each disclosure period, must be used.

5.2 The Advice Charge [EAC(Advice)]

5.2.1 The EAC(Advice) component includes all charges for the provision of advice by intermediaries/consultants, commissions payable to intermediaries/consultants (excluding commission on risk premiums) and investment consulting fees not included within the investment management charge. Advice that is given on scheme level and on member level should be included in the advice charge component and disclosed.

5.2.2 In the event that an advice charge is calculated by a Provider as an annual percentage charge on the asset value, the EAC(Advice) will be equal to that annual percentage. In the event that an initial advice charge is levied by a Provider on the asset value, the EAC(Advice) is calculated as follows:

Investment Type	No initial charge	Initial charge (IC) percentage
Lump Sum	EAC = Annual Advice Charge	EAC = Annual Advice Charge + Initial Advice Charge/n
Lump Sum + Contributions	EAC = Annual Advice Charge	EAC = RIY measure of Advice Charge

Where n = number of years in disclosure period

5.2.3 Where the adviser charge is not facilitated by the Provider, or the Fund Member has not engaged the services of an adviser, the EAC(Advice) must be reflected as 0.0%. In such a case, a footnote must be included explaining that as no advice fee has been supplied none could be included in the calculation.

5.3 The Administration Charge [EAC(Admin)]

The EAC(Admin) component includes all charges that a Fund Member incurs relating to the administration of a Financial Product. Exit charges, loyalty bonuses or any similar structure should be excluded from the EAC(Admin) calculation.

The EAC(Admin) is calculated using the RIY methodology in paragraph 6 below, except in cases where the administration charge meets the conditions required for the simplified calculation methodology as set out in paragraph 4.9 above.

Investment Type	No initial charge	Initial charge (IC) percentage
Lump Sum	EAC = RIY measure of Administration Charge	EAC = RIY measure of Administration Charge
Lump Sum + Contributions	EAC = RIY measure of Administration Charge	EAC = RIY measure of Administration Charge

5.4 The Other Charges [EAC(Other)]

The EAC(Other) component should include guarantee premiums/charges, contingency reserve account levies, FSCA levies, fidelity insurance and professional indemnity premiums, actuarial fees, audit fees, trustee and fund officials' remuneration and expenses, communication expenses and all other applicable fees and charges flowing via the fund/sub fund that do not fall within the other specified charge components.

The EAC(Other) calculation should also include the impact of exit charges or loyalty bonus payments foregone that are reasonably foreseen when the Fund Member withdraws or transfers all of the funds at the end of the disclosure period being calculated. These shall also include but shall not be limited to guarantees, smoothing or risk benefits, guarantee charges, the cost of limiting investment returns, wrap fund charges and the cost of any risk benefits such as waiver of premium or death benefits. (If the cost of any risk benefit is separately identifiable and the risk benefit can be removed or added to the financial product at any point in time without otherwise impacting the savings/investment product or its terms, the cost is not required to be included in the EAC(Other) calculation but should be disclosed separately in an accompanying free text note.)

In essence it is the "catch all" to contain any remaining charges that will be levied against a Financial Product, and a free text note must be included setting out exactly what charges are contained under EAC(Other), including but not limited to exit charges, loyalty bonuses and guarantee charges.

The EAC(Other) component is only shown in the EAC table where it has a non-zero value.

Depending on the nature of the charge, the EAC(Other) calculation will either follow the simplified methodology or the RIY methodology.

6. Reduction in Yield (RIY) calculation methodology

6.1 Calculated on a cash flow basis

The RIY-calculation must be performed on a cash flow basis, with exact allowance for the timing and size of all flows i.e. the Financial Product value is cumulatively built-up from each time [t] to time [n], where there are no cash flows between [t] and [n]:

NAV[n]	**= the value of the Financial Product at time [n] after all cash flows at time [n]**
	= NAV[t] * (1+gt:n) + ΣCF[n]
Where:	
NAV[t]	**= market value at time [t] after all cash flows at time [t]**
gt:n	**= effective growth rate for the period from [t] to [n]**
	= (1+g) ^ t:n/365 – 1
g	**= the prescribed growth rate***
t:n	**= number of calendar days from time [t] to time [n]**

ΣCF[n]	**= sum of all cash flows at time [n]**
	= ΣP[n] + ΣOI[n] - ΣC[n] - ΣOO[n]
ΣP[n]	**= sum of all premium inflows at time [n]**
ΣOI[n]	**= sum of all other inflows or enhancements at time [n]**
ΣC[n]	**= sum of all charges levied against the Financial Product at time [n]**
ΣOO[n]	**= sum of all other outflows or deductions at time [n]**

* See paragraph 6.3

6.2 Assumed timing of cash flows

Flows that have a contractually determined timing (e.g. "monthly contributions") must be allowed for on those contractual dates. For the timing of all other flows, the dates which are utilized must be the dates on which the Provider reasonably expects them to occur (i.e. on a best estimate basis).

6.3 Conceptual 3-step calculation

Step 1: Including all charges, including those determined on the simplified methodology, calculate the expected pay-out to the Fund Member at the specific disclosure point, using the above methodology and the growth assumption (g) i.e. the result is the pay-out that the Provider would have been able to guarantee at the specific disclosure point, had all the relevant assumptions been borne out in practice.

Step 2: The calculation in this step excludes the charge[s] relating to a specific component for which the RIY is being calculated, but includes all other charges. Using this value, solve for the growth rate up to the same point in time that would set the value of the investment at that disclosure point equal to the pay-out value as calculated in step 1 above. Refer to this solved-for growth rate as ($g_{reduced}$).

Step 3: RIY = $g - g_{reduced}$

For purposes of the RIY calculation, investment growth is currently fixed at 6% effective *per annum* (gross of all charges, but net of tax).

6.4 Special provision for calculation of last component

The last component may be calculated as described in paragraph 6.3 or Step 2 and 3 in paragraph 6.3 may be replaced with the following:

Step 2: The calculation in this step assumes no charges apply to the investment. Solve for the growth rate up to the same point in time that would set the future value of the cash flows at that disclosure point equal to the pay-out value as calculated in step 1 in paragraph 6.3. Refer to this solved-for growth rate as (g_{total}).

Step 3: $RIY_{total} = g - g_{total}$

e.g. Assuming your last component is the EAC(Other) component, the calculation will look as follows: EAC(Other) = RIY_{total} – EAC(IMC) – EAC(Advice) – EAC(Admin)

6.5 Additional calculation for existing business

The additional, optional row to the EAC table as set out in paragraph 4.13 should be calculated as described in paragraph 6.3. Rather than undertaking separate calculations for each of the components, only one combined calculation is required. This calculation excludes the charges related to all the components. Use the realisable value at the time of the calculation and solve for the growth rate up to the same point in time that would set the value of the investment at that disclosure point equal to the pay-out value as calculated in step 1 of paragraph 6.3. Refer to this solved-for growth rate as ($g_{additional}$).

$RIY = g - g_{additional}$

7. Effective date and phased implementation

7.1 This Standard shall be effective from 28 May 2019 with an implementation date of 1 October 2020 ("the Effective Date"). In the event that Providers are unable to fully comply by the Effective Date, Providers have up to no later than 31 March 2021 in order to fully comply. Once implemented, the EAC must be made available to Fund Members for all Financial Products, on request. Making an EAC available on request may take the form of making a Fund Member's EACs for his or her Financial Products available via a secure online portal but shall not include online calculators requiring inputs by the Fund Member.

7.2 Providers should notify all Fund Members on at least an annual basis about the availability of the EAC. This notification should include information on how Fund Members are able to access their EAC (for example, via a call centre or online).

ANNEXURE A

EXAMPLE OF A FUND MEMBER EAC TABLE

Note to Providers: the values used are for illustration only. The format of the table and paragraph above the table are mandatory. Providers may add further explanatory wording to the mandatory wording as they deem necessary taking cognisance of the principles set out in the Standard. The wording beneath the table provides an example of the type of explanations which may relate to a particular Financial Product as required by the Standard.

For existing Financial Products, Providers may, in addition to the existing EAC table and disclosures, disclose an additional row below the EAC table, indicating the EAC value using the realisable value as a starting point (as described in the Standard and indicated below). This additional EAC value must be clearly explained and disclosed in the free text notes.

EFFECTIVE ANNUAL COST: EFG PRODUCT OF COMPANY ABC

The Effective Annual Cost (EAC) is a measure which has been introduced to allow you to compare the estimated impact of charges on investment returns when you invest in different financial products. This particular EAC is in respect of your retirement savings benefit in the Financial Product described above. It is expressed as an annualised percentage. The EAC is made up of four components, which are added together, as shown in the table below. The figures only show the estimated impact of immediate and future charges, and do not include the impact of any charges that have already been incurred. The effect of some of the charges may vary, depending on your investment period.

EAC for your current retirement savings benefit ***(if only using the first table below*)**
or
EAC if you intend to continue with your current contributions to the Financial Product (*if using both tables below)*

The table below shows the EAC calculation assuming that you continue with your current contributions to the Financial Product and you withdraw or transfer the retirement savings benefit at the end of the relevant periods shown in the table. The figures ignore all charges incurred to date.

Impact of future charges	**Investment assumed to end after**			
	Next 1 Year	**Next 3 Years**	**Next 5 Years**	**Next 10 Years / Age 55**
Investment management	1.1%	1.1%	1.1%	1.0%
Advice	1.5%	1.2%	0.8%	0.6%
Administration	1.5%	1.5%	1.5%	1.4%
Other [1 2 3 4]	3.3%	1.3%	0.3%	-1.0%
Effective Annual Cost	7.4%	5.1%	3.7%	2.0%

[*Note to Providers: this section and line item is optional*]:

EAC if you either: (i) do not intend continuing with your current contributions to the Financial Product; or (ii) intend to withdraw or transfer your retirement savings benefit

The table below shows the EAC calculation using the current realisable value rather than the market value as the starting value for the EAC calculation. This is the value that would apply now if you were to withdraw or transfer your retirement savings benefit from the Financial Product. The EAC table of an alternative Financial Product should be compared with the information below in order to determine whether or not this may be in your best interest from an effective annual cost-comparison perspective.

	Next 1 Year	Next 3 Years	Next 5 Years	Next 10 Years / Age 55
Impact of future charges[5]	2.8%	2.9%	3.4%	1.8%

[*Note to Providers: explanations to be in plain language appropriate to the target market*]

[1] The values shown are the expected annual reduction in return after your investment forgoes all or part of the return above a specified level. The actual reduction in return may vary significantly as it will depend on how the markets perform during your investment in this Financial Product.

[2] Includes accrued guarantee charges.

[3] Includes an exit charge that will be incurred if the Fund Member withdraws or transfers his or her retirement savings benefit from, the Financial Product at the end of the periods shown in the table.

[4] Includes an allowance for loyalty bonuses which will have been earned and vested at the appropriate period end (reducing the charge).

[5] Total EAC, calculated by adding the four components and using the current realisable value rather than the market value as the starting value for the EAC calculation. The realisable value is the market value at the time of calculation less any exit charge plus any loyalty bonus which would be added to the retirement savings benefit on withdrawal or transfer from, the Financial Product.

Notes:

Qualifying Fund Members will receive an additional 3% bonus payment of their total contributions to this Financial Product every 5 years. The payment will be allocated an FGH account at ABC Company in the Fund Member's name. Due to the bonus payment being received outside of this Financial Product, the payment has not been taken into account in the calculation of the EAC above.

The FGH account is only accessible at the end of every 5 year period from the date of payment of the bonus and any cancellation of this Financial Product before such date will result in the forfeit of the total value of the Fund Member's FGH account at ABC Company.

All calculations include value-added tax (VAT) at the prevailing rate, where applicable.

Where applicable, inflation has been taken into account when calculating the EAC.

HISTORY OF AMENDMENTS

Effective date	Amendments
28 May 2019	Approved by ASISA Board
22 May 2020	Amendments to align all EAC standards and for an extension of the implementation date to 31 March 2021
30 June 2023	Amended certain table headings version 19 July 2022 approved by Marketing and Distribution Board Committee. Certain table headings have been amended to make them more understandable to clients but only comes into effect on 30 June 2023. However, those ready to implement the changes sooner may do so. Those not yet ready to do so must apply the existing table headings.

RESPONSIBLE SENIOR POLICY ADVISER:

ASISA Point Person – Marketing and Distribution Board Committee