

Calculation methodology

- Actual fees, returns, salary, contributions and account balance are used to plot the Net Benefit model
- Account balances determined on an annual basis via the following general formula:

$$\begin{aligned}
 \text{Account Balance}_t &= \{ \text{Account Balance}_{t-1} * (1 + \text{return})_t \} + \{ \text{Contributions}_t * (1 + \text{return})_t \} \\
 &- \{ (\text{Account Balance}_{t-1} + \text{Contributions}_t) * (\text{Admin fee}_t + \text{total investment fee}_t) \} \\
 &- \{ \text{Member fee}_t * (1 - \text{contribution tax deduction})_t \}
 \end{aligned}$$

Model assumptions

- Results are shown in future dollar terms
- Calculations are broken down into annual intervals
- Effective annual returns at the end of each yearly period to the as at date of the calculation are used.
- After-tax quarterly SG contributions are applied at the end of each calendar quarter (i.e March, June, September, December) and is based on actual SG contribution rates of the relevant year.
- Salary is assumed to grow at 3.50% p.a. at the end of the first year and every year thereafter
- Contribution tax of 15% is assumed across all time periods assessed
- Fees and investment returns are determined on an annual basis. Data is provided by products issuers and extracted from product disclosure statements.
- Explicit costs deducted from members' accounts (e.g. member fee) is subject to a 15% tax allowance
- Where no sufficient return or fee history is available, no net benefit comparison will be performed

Model exclusions

- Any additional salary sacrifice, or voluntary contributions have not been considered
- Any contribution fees, entry fees, exit fees, and/or additional adviser fees have not been considered
- The cost of insurance premiums has not been considered

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