



Media Release

30 September 2020

Re: UNSW Business School's Sandbox Program challenges students to solve industry challenges in superannuation

UNSW Business School's Sandbox Education Program (also "Sandbox Program") will address challenges faced by the superannuation sector using projects developed by The Conexus Institute, Aware Super and Super Consumers Australia.

Founded in 2019 by Yenni Tim, the aim of the Sandbox Program is to introduce students to industry projects as part of their coursework program. This term, one of the courses that has incorporated the Sandbox industry projects is the popular course on retirement savings (Retirement Saving and Spending over the Lifecycle) taught by Kevin Liu.

Two projects have been developed by industry:

- (1) To develop a standardised retirement estimate for annual super statements which provide some insight into the range of retirement outcomes members may experience. This project is sponsored by a collaboration of The Conexus Institute (David Bell), Super Consumers Australia (Xavier O'Halloran) along with Estelle Liu from Aware Super.
- (2) A challenge to develop engagement mechanisms which increase voluntary contributions to super amongst young members. This project is sponsored by Aware Super with staff members Shang Wu, Silipa Burgess and Lydia Cotter coordinating.

Students work in groups and have opportunities to engage with industry sponsors throughout the term.

More details of each project are provided in the addendums at the end of this note.

Quotes

Yenni Tim, Senior Lecturer, School of Information Systems and Technology Management, and creator of the UNSW Business School's Sandbox Education Program:



“It is great to see the Sandbox Program continue to be rolled out across different courses in the Business School. It is rewarding to see students have the opportunity to engage in industry projects and gain career-ready skills through solving real-world challenges.”

Kevin Liu, Senior Lecturer and Undergraduate Actuarial Program Coordinator:

“I am excited to incorporate the Sandbox Program into the Retirement Saving and Spending over the Lifecycle course. I am always looking for ways to enhance the student learning experience. I am excited about the two projects created by our industry sponsors as both are important issues.”

David Bell, Executive Director of The Conexus Institute:

“The Conexus Institute is always looking for ways to collaborate so the Sandbox Program represents a good opportunity. It is good to engage students with problems faced by industry and I look forward to seeing their solutions.”

Shang Wu, Senior Investment Analyst at Aware Super:

“Getting young members to engage with their super is an important issue. Understanding just what an asset their superannuation is, can empower them to make a real difference to their retirement. We know that every \$1 a member contributes in their early 20s is likely to be worth 4 times as much by the time they retire. So, we thought why not challenge smart young students to develop some solutions? Aware Super is pleased to be supporting the Sandbox Program and we look forward to seeing what fantastic ideas the students come up with.”

Addendum’s 1 and 2 provide further detail on each project.

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Addendum 1

Developing a standardised retirement income projection which informs consumers of the range of retirement outcomes they may experience.

This project is sponsored by a collaboration of The Conexus Institute (David Bell), Super Consumers Australia (Xavier O'Halloran) along with Estelle Liu from Aware Super.

Currently members of many (but not all) super funds receive a retirement estimate in their annual fund statement which includes a projection of account balance at retirement and annual income in retirement. Nearly all funds use an ASIC class order relief to produce projections.

Unfortunately, these projections are deterministic, meaning they only represent a point estimate. Consumers have no understanding of the range of retirement outcomes they may face. There is a risk they will assume the projections to be certain, and they may miss the opportunity to take actions to improve the likelihood of a minimum retirement outcome.

This project challenges students to develop a hypothetical stochastic retirement estimate methodology for ASIC. A stochastic projection provides insights into the range of outcomes rather than a simple point estimate.

The project throws two challenges at students. One is to develop the calculations (students are required to extend the existing class order calculations rather than develop an all-new calculation). The other is framing: how to present complex information in a way that can be understood by consumers.

Quotes

David Bell, Executive Director of The Conexus Institute:

"I think consumers need to understand the range of retirement outcomes they may face. It would be a great start for this to happen through retirement estimates on member statements. I'm excited to see what the students develop."

Xavier O'Halloran, Director of Super Consumers Australia:

"Consumers find a lot of financial information complex and as a result they retreat from engaging with their finances, including their superannuation. I'll be interested to see how the students deal with the framing aspects of this project."



Estelle Liu, Manager, Actuarial Practice, Aware Super:

“Working with the existing calculations embedded in ASIC Class Order will make it familiar for ASIC and those super funds who use the existing Class Order relief. Students are expected to extend the existing deterministic projection used in the Class Order to illustrate the range of retirement outcomes.”

Addendum 2

How do super funds encourage young members to save more for their retirement by making voluntary contributions?

This project is sponsored by Aware Super and has been developed by Shang Wu, Silipa Burgess and Lydia Cotter.

Despite tax concessions and benefits (e.g. co-contribution) provided by the government, most Australians do not make additional contributions. Voluntary contributions amongst younger members are extremely low.

A range of explanations are proposed to explain the lack of voluntary contributions. This includes preferences for spending in the present and saving for other goals such as a first home. Against this backdrop the preserved characteristic and long-term nature of super may not compare favourably. There are also issues relating to low levels of understanding of the rules and benefits of super.

The project is for students to develop a solution to encourage existing young members in a super fund to save more for their retirement by making voluntary contributions. The choice of engagement mechanism is open to students. Students are expected to undertake some pilot testing amongst their peers and be aware of the academic and industry research on the topic.

Quotes

Shang Wu, Senior Investment Analyst, Aware Super:

“There are a lot of positive reasons for young people to engage with their super – tax benefits and the power of compounding are two important examples. Hopefully this project results in some interesting ideas from the class.”

Silipa Burgess, Campaign Marketing Specialist, Aware Super:

“Engaging young members has long been a challenge for the superannuation industry. Through programs like this we hope to engage some sharp young students to develop solutions that will really shift the dial on this important issue!”



Lydia Cotter, Marketing Manager, Aware Super:

"UNSW Business School's Sandbox Education Program provides a fantastic opportunity for our future workforce to problem solve and showcase their insights on how to better engage young people with their super. I look forward to seeing the student's ideas as they evolve."

Note to Editors

About UNSW Business School

UNSW Business School develops intelligent leaders who thrive on new technologies and global career opportunities. We believe that continuous education and real-world experiences create the best outcomes for our students. Our future-focused strategy is built on an outstanding student experience, high impact research, and a strong relationship with Asia.

We are honoured to be part of an institution that produces more millionaires than any other Australian university. We consistently rank within the top 50 universities worldwide, and there are still more reasons why you should study business with us.

Our students meet some of the highest entry requirements in Australia or gain entrance through rigorous Pathway program assessments. Upon graduation, they join a network of more than 90,000 alumni worldwide.

Our alumni and industry connections provide students with millions of dollars in prizes, awards and scholarships, and opportunities for real-world career experience. Our connections also advise on future industry trends, to ensure our students graduate with relevant skills and knowledge.

Our courses deliver excellent career opportunities and graduate outcomes. The courses are highly accredited and taught by world-leading academics.

About The Conexus Institute

The Conexus Institute was established to be a catalyst for improving retirement outcomes for Australians. The Conexus Institute applies a "research-for-impact" model to produce high quality research which is used to showcase the benefits of change.

The Institute will look to join the dots between industry, academia, regulators and policymakers. The Institute promises to be a constructive critic that is prepared to challenge the status quo. We celebrate collaboration and informed decision-making.

The Conexus Institute adopts a not-for-profit model and is funded by Conexus Financial and the philanthropic activities of Conexus Financial chief executive Colin Tate, who as chair will support the Institute's executive director, David Bell.



About Aware Super

Previously known as First State Super we changed our name to Aware Super in September 2020. Aware Super is a name that reflects our members and what we stand for. It echoes the strengths of our past, aligning to our purpose to be a force for good in superannuation, retirement and advice, driving better outcomes for our members, their families and communities.

First State Super's been the fund for people who value community since 1992, we're now one of Australia's largest funds and we're continuing to grow. We merged with VicSuper this year and together we manage more than \$125 billion in savings for more than 1 million members located across the country.

Our members work in roles that breathe life into their communities and they expect us to do the same. So, we invest in assets that we believe will make a positive difference today - improving our communities, building a more a sustainable economy and supporting employment both locally and globally at the same time as providing strong long-term returns.

Discover how we're helping members do well financially while doing good in the world: Visit aware.com.au.

About Super Consumers Australia

Super Consumers Australia (Super Consumers), formerly known as the Superannuation Consumers' Centre, is an independent, not-for-profit consumer organisation formed in 2013. Super Consumers was first funded in 2018. We work to advance and protect the interests of low and middle income people in the Australian superannuation system.

During its start up phase Super Consumers has partnered with CHOICE to deliver support services. CHOICE is the leading consumer advocate in Australia, established 60 years ago, it is an independent voice, ensuring consumers get a fair go.