

# Annual Member Outcomes Assessment

## Financial Year June 2020

The Annual Member Outcomes Assessment is a legislative requirement introduced in 2019 for all superannuation funds. The *Member Outcomes Act* requires trustees of superannuation funds to make an annual assessment of their MySuper products and report on how they are improving outcomes for members. This Annual Member Outcomes Assessment reports on the 2020 financial year.

The assessment focused on the two Aware Super accumulation MySuper lifecycle options, both the Growth and Balanced options. The findings were positive and have highlighted that we meet and promote the financial needs and best interests of our members.

As a superannuation fund, Aware Super exists to help our members live their best possible retirements. A measure of success is that members feel confident in how prepared they are for retirement and are able to generate a comfortable retirement income.

One of our key metrics is measuring the percentage of Aware Super members who are on track to achieve a comfortable living standard in retirement, measured based on the ASFA standards. We call this our retirement readiness score, which is measured based on an approach called the 'projected members benefit at retirement'. We consider factors such as members' current balance, contribution levels and the expected future investment return from staying with us. We've seen an improvement of the score every year since we put this measure in place in 2017.

## Aware Super – improving outcomes for members

We've assessed our products based on two key areas that are specifically required in the regulations<sup>1</sup>.

- Fees and returns (comparison matters)
- Other member benefits (assessment factors).

### Competitive fees and costs

We looked at the fees and costs of the Aware Super MySuper options compared to other MySuper options for members with various balances. Overall, we found that our total fees are in the best or second-best quartile across all superannuation segments. See tables below. This reflects our ongoing commitment to keeping our fees low.

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<sup>1</sup> Outcomes Assessment required under section 52(9) of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and SPS 515 Strategic Planning and Member Outcomes.

**Table 1:** Chant West comparison of Aware Super’s Growth option for **Total Fees:**

Universe	\$10,000 Balance	\$50,000 Balance	\$100,000 Balance
Fees	\$153	\$519	\$978
All MySuper	Best quartile	Second quartile	Second quartile
Industry funds	Best quartile	Second quartile	Second quartile
Retail MT	Best quartile	Best quartile	Best quartile
All funds >\$5b	Best quartile	Second quartile	Second quartile

Source: The Chant West Member Outcomes Dashboard for 30 June 2020

**Table 2:** Chant West comparison of Aware Super’s MySuper Balanced option for **Total Fees:**

Universe	\$10,000 Balance	\$50,000 Balance	\$100,000 Balance
Fees	\$141	\$459	\$858
All MySuper	Best quartile	Best quartile	Best quartile
Industry funds	Best quartile	Best quartile	Best quartile
Retail MT	Best quartile	Best quartile	Best quartile
All funds >\$5b	Best quartile	Best quartile	Best quartile

Source: The Chant West Member Outcomes Dashboard for 30 June 2020

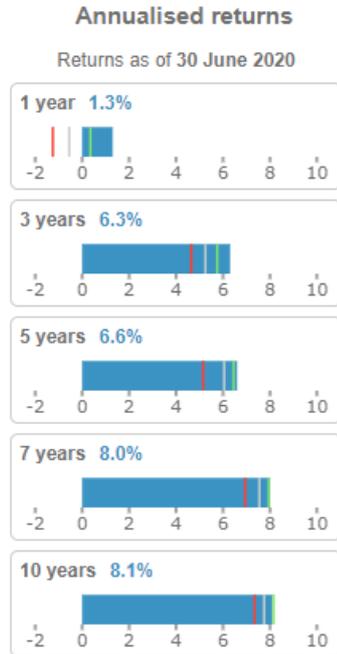
Given the past year’s market conditions, our overall fee and return proposition has delivered great outcomes for you, our members.

## Delivering strong long-term returns for members

The following charts from the Chant West Member Outcomes dashboard show performance of the two Aware Super MySuper Lifecycle options against the other MySuper funds available. The charts show that both options are above the median over all periods.

Furthermore, both options exceed best-quartile performance over 1, 3 and 5 years. For 7-year and 10-year performance, our options are either slightly ahead of best quartile or on par with best quartile performance. This demonstrates our ability to deliver consistently strong returns to our members over the past decade.

### Aware Super Growth option



### Aware Super Balanced Growth option



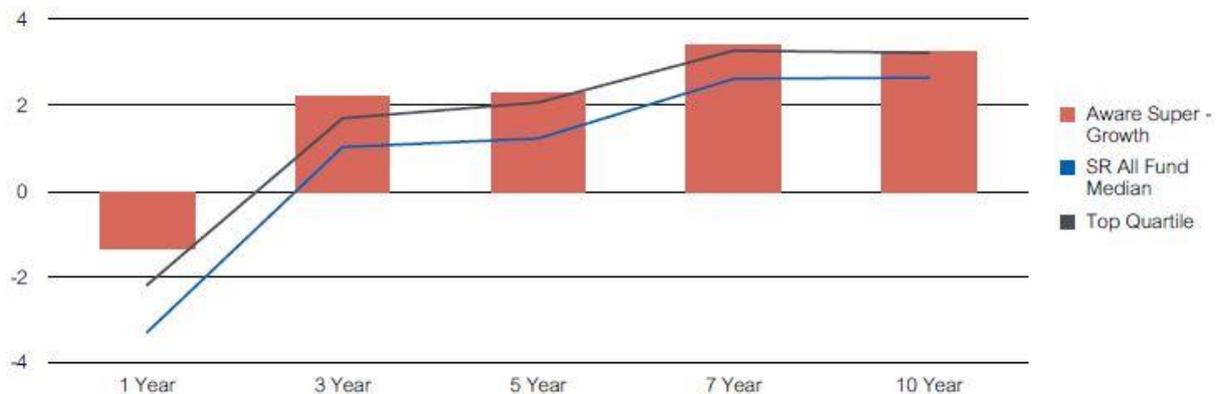
**Legend**

- Selected product
- Best quartile
- Median
- Worst quartile

## Our Growth option exceeded its investment objectives over rolling 3, 5, 7 and 10 years

Our investment performance for the Growth option outlined below was undertaken via SuperRatings. The graph demonstrates that the MySuper Growth option exceeded, and is in line with, the top quartile return over the time periods of 3, 5, 7 and 10 years.

**Outperformance of Investment Objectives - CPI plus 3%**  
Balanced Options - 1, 3, 5, 7, 10 Years to 30 June 2020 (% pa)



Despite failing to meet investment objectives for the 2020-year, long term outperformance of objectives by super funds remains strong, with the median Balanced option outperforming a CPI plus 3% investment objective over the 3- to 10-year assessed time periods. Aware Super's Growth option exceeded this investment objective over rolling 3 years, 5 years, 7 years and 10 years.

Source: Super Ratings Benchmark Report 2021 for Aware Super.

## The additional assessment factors demonstrate the value Aware Super delivers for members

### Benefits of being a member of Aware Super

- **Strong long-term returns** – we're a top-performing fund<sup>2</sup> and are consistently striving to deliver strong, long-term returns for our members.
- **Competitive fees** – as one of Australia's largest superannuation funds, we use our size and stability to keep fees and costs down.
- **MySuper Lifecycle** – to help you retire with more, our default MySuper Lifecycle investment approach adjusts your investments to ensure they match your stage in life.
- **Investing for good** – we're committed to making investments that contribute positively to the world our members live and retire in.
- **Financial advice** – access simple superannuation advice at no additional cost, or you can see one of our experienced financial planners for more complex needs.
- **A profit-for-member industry fund** – designed to deliver better financial outcomes for members, not shareholders.
- **Award-winning mobile app** – access our award-winning<sup>3</sup> mobile app where you can manage your super anytime, anywhere.
- **A fund for every stage of your life** – we provide the investment options and products to help you make the most of your super, from your first job to retirement. You can also stay with the fund if you change jobs, or even if you're not working.
- **Automatic insurance cover** – flexible insurance cover for eligible members.
- **Guidance and support** – access free online education, tools, webinars and events to help you manage your super more easily.

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<sup>2</sup> Returns for the Aware Super Growth (MySuper) investment option were in the top 10 for the 1, 3, 5 and 10 year periods, and in the top quartile for the 7 year periods, as published in the SuperRatings Fund Crediting Rate Survey (SR50 MySuper Index) for 30 October 2020. Past performance is not a reliable indicator of future performance.

<sup>3</sup> Awarded Gold at the 2019 and 2020 Sydney Design Awards for the category Digital - New Service or Application

## Investment strategy, risks, and targets

The Accumulation Section (ex First State Super product set) of the fund provides access to 12 investment options, including the two MySuper Lifecycle options. As at 25 March 2020, 15% of members' investment choices were invested in the default Growth and Balanced Growth options (i.e. these members had chosen to be in the default options). This is down from 31 March 2019 when approximately 23% of investment choices were to default options, but still more than the 7% highlighted in Vanguard's 'How Australia Saves' report issued as at 31 March 2019.

Members of the Accumulation Section are typically accumulation members who have a long investment horizon and limited access to their investments until the pension phase, meaning they can tolerate relatively high levels of illiquidity risk. Our lifecycle de-risking to the Balanced option at age 60 accommodates those approaching retirement; the proposed glide path to be implemented in the second half of 2021, will also assist these transitional years.

## Insurance strategy

Although this Member Outcomes Assessment is based on the year ended 30 June 2020, it's worth highlighting that on 25 March 2020, our Trustee approved a new Insurance Strategy to commence from 1 July 2020, in anticipation of the merger with VicSuper on 30 June 2020. Work is also in progress to consider changes to the insurance benefit design because of the merger. Where appropriate and for the benefit of you, our members, our Trustee will review and align its insurance arrangements by considering the offerings of insurers, insurance policy terms and administration arrangements.

For the year ended 30 June 2020, we provided adequate levels of automatic cover for a reasonable premium without inappropriately eroding the retirement income of beneficiaries with premiums <1% of estimated salary for 99.9% of members. During this period there was a significant reduction in the number of insured members due to the requirement for ceasing insurance cover for members due to an inactive account (from 1 July 2019) or a low balance (on 1 April 2020).

## Insurance fees erosion of retirement income

Our findings highlight that the insurance administration fee does not inappropriately erode the retirement income of members.

The fee is deducted monthly or on exit as part of the insurance premium.

## Acting in your financial interests

This analysis demonstrates on several levels that Aware Super is acting in the financial interests of members and helping you save and prepare for retirement.

This is demonstrated through:

1. Consistent top performance of the MySuper default options
2. Low fees compared to market average
3. Using scale to drive down costs per member and support lower fees
4. Provision of appropriate and affordable insurance cover
5. The delivery of a broad range of services including digital advice tools, comprehensive and intra-fund advice that are accessed by many members, and
6. Our fund projections that show that most members under age 45 (who will experience a mature superannuation system) will achieve a comfortable retirement income as measured by the ASFA standard.

In FY2020 Australia and the world were subjected to a significant market shock as the world responded to the unprecedented challenges from COVID-19 pandemic. During this time, we were able to continue supporting members to a high standard, demonstrating the effectiveness of our management systems, processes and people.

In addition, there are sound governance practices in place from the Board, through its Committees, to the executives and staff, together with internal commitment to live the value and exhibit a strong risk culture.

### Important Information

This is general information only and does not take into account your specific objectives, financial situation or needs. Seek professional financial advice, consider your own circumstances and read our product disclosure statement before making a decision about Aware Super or Aware Financial Services Australia Limited. Call us or visit our website for a copy. Issued by Aware Financial Services Australia Limited ABN 86 003 742 756, AFSL No. 238430. Aware Financial Services Australia Limited is wholly owned by Aware Super ABN 53 226 460 365. The trustee of Aware Super is Aware Super Pty Ltd ABN 11 118 202 672, AFSL 293340.