

# 2020

## Member Outcomes Assessment

A QSuper Board assessment on whether the financial interests of members are being promoted.

# Our story

As one of Australia's largest and oldest superannuation funds, QSuper is here to grow our members' super.

As at 30 June 2020, we administer approximately \$117 billion<sup>1</sup> in retirement savings for more than 594,000 members. As a profit-for-members superannuation fund, everything we do is for our members, including working hard with the objective to maximise returns through our unique investment strategy, which held up strongly during the COVID-19 pandemic crisis, and striving to keep fees as low as possible.



594,000 members



\$117 billion<sup>1</sup>  
funds under administration



100+ years  
of helping members

## QSuper's Member Outcomes Assessment

### What is a Member Outcomes Assessment?

This Member Outcomes Assessment analyses the performance of QSuper's Accumulation and Income products across key areas. This assessment is prepared by the QSuper Board as trustee of QSuper to comply with s52(9) of the *Superannuation Industry Supervision Act 1993* (SIS Act) and *Superannuation Prudential Standard 515 Strategic Planning and Member Outcomes* (SPS 515). The assessment is performed as at 30 June each year to allow the Board to determine whether QSuper's products promote the financial interests of the members who hold them.

#### We offer these products to members:

- an Accumulation account product;
- an Income account product; and,
- a Defined Benefit product that is closed to new entrants.

We invest the money held in the Accumulation and Income products in a number of investment options classified as either 'MySuper' or 'Choice'.

With an Accumulation account, a member can leave their money in our default 'MySuper' investment option, Lifetime. This option uses the member's age and Lifetime account balance to set an investment strategy that suits the member's life stage.<sup>2</sup>

Our other investment options are classified as 'Choice' investment options and are available to members holding an Accumulation or Income account.

QSuper members can also invest their super directly in shares, exchange traded funds (ETFs), and/or term deposits through Self Invest.<sup>3</sup>

***"Based on the results of this analysis, the QSuper Board has determined our members' financial interests are being promoted."***

Don Luke, Chair of the QSuper Board. February 2021

#### The assessment consists of:

##### Part 1 – Assessing QSuper's performance relative to peers on:

- Investment risk and returns
- Fees and costs.

##### Part 2 – Assessing the appropriateness of:

- Investment strategy
- Fees
- Options, benefits and services
- Operating costs and scale
- Insurance strategy and affordability.

Please see Appendix 1 to this document for details of our approach, peer groups and data sources for this assessment.

The results show that these products have delivered competitive returns, with lower volatility whilst aiming to keep fees lower than peer median through an investment strategy that is appropriate to our membership. The additional services and default insurance offering provided by QSuper are affordable and appropriate for our members.

<sup>1</sup> Net assets include the retirement funds managed by QSuper and employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. <sup>2</sup> The different investment strategies utilised within this kind of product are referred to as 'lifecycle stages' in the industry and throughout this document. <sup>3</sup> Self invest is not available with our Transition to Retirement income account.



# Part 1

## Assessing QSuper's performance relative to peers on:

- Investment risk and returns
- Fees and costs.

## Number one fund for weathering market ups and downs<sup>1</sup>

### QSuper's investment strategy has delivered a smoother ride in a turbulent year

Our unique investment approach is designed to withstand ups and downs, and has delivered for our members in the financial year ended 30 June 2020 (2019-20). Even against a backdrop of extreme market volatility caused by COVID-19, QSuper met 13 of its 16 investment return objectives for the accumulation options and 7 of its 8 investment return objectives for the income options in 2019-20 (see page 4).

In 2020, we won Chant West's Best Fund for Investments<sup>1</sup> award and SuperRatings Smooth Ride<sup>1</sup> award for being the best super fund at weathering market ups and downs, while still delivering strong returns.

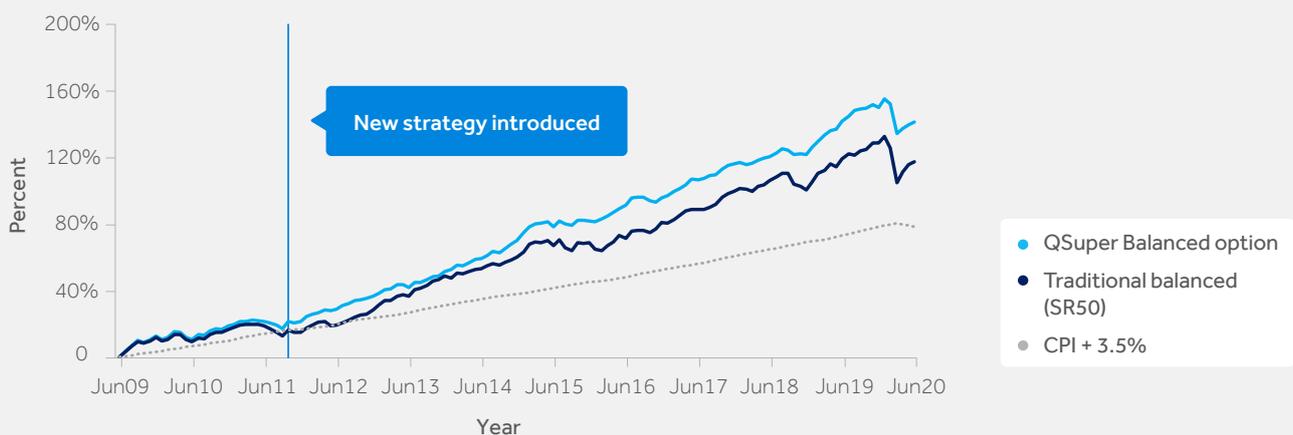
### QSuper's risk rating is the lowest in the industry

We approach risk differently to other funds. Recognising super is designed to provide for members in retirement, we use diversification with the objective to deliver strong, long-term returns with significantly less risk than other funds. All of QSuper's Lifetime lifecycle stages' standard risk measures are lower than median. QSuper's Sustain 2 has the lowest standard risk measure of any MySuper option or lifecycle stage.<sup>2</sup>

### Award-winning approach to diversification

The graph below uses the balanced option to demonstrate how our diversified investment approach has delivered stronger returns over the 9 years since it was introduced, compared to a traditional balanced investment option.

Cumulative returns for traditional balanced vs. QSuper's diversified portfolio strategies



**Notes:** 'Traditional Balanced (SR50)' represents the median outcomes for the balanced options of SuperRatings' 50 largest survey participants i.e. the SR50 balanced index. QSuper Balanced is the QSuper Balanced option of the Accumulation account. Returns are net of all fees and taxes. SuperRatings does not issue, sell, guarantee or underwrite this product. Past performance is not a reliable indicator of future performance. Source: SuperRatings

<sup>1</sup> Based on awards received from Chant West and SuperRatings. For further information refer to [qsuper.qld.gov.au/about/awards](http://qsuper.qld.gov.au/about/awards). These awards are solely statements of opinion and do not represent a recommendation to purchase, hold, or sell any securities, or make any other investment decisions. Ratings are subject to change. Ratings, awards, or investment returns are only one factor that you should consider when deciding how to invest your super. Past performance may not be a reliable indicator of future performance. <sup>2</sup> APRA Quarterly Statistics as at 30 June 2020 [apra.gov.au/quarterly-superannuation-statistics](http://apra.gov.au/quarterly-superannuation-statistics)

## Objectives and returns as at 30 June 2020

| Investment option  | Current objective  | Period of objective <sup>1</sup> | Return p.a. over objective period <sup>1,^</sup> | Benchmark p.a. over objective period <sup>1</sup> |
|--|--|----------------------------------|--|---|
| <b>MySuper investment option</b>   |  |                                  |  |   |
| <b>Lifetime</b>  |  |                                  |  |   |
|  Outlook                | CPI +4.5% p.a.   | 10 Year <sup>2</sup>             | 7.65% ▲  | 5.86%   |
|  Aspire 1               | CPI +4.5% p.a.   | 10 Year <sup>2</sup>             | 7.80% ▲  | 5.86%   |
|  Aspire 2               | CPI +4.0% p.a.   | 10 Year <sup>2</sup>             | 7.30% ▲  | 5.36%   |
|  Focus 1                | CPI +4.0% p.a.   | 10 Year <sup>2</sup>             | 7.01% ▲  | 5.36%   |
|  Focus 2                | CPI +3.75% p.a.  | 10 Year <sup>2</sup>             | 6.53% ▲  | 5.10%   |
|  Focus 3                | CPI +3.5% p.a.   | 10 Year <sup>2</sup>             | 6.03% ▲  | 4.85%   |
|  Sustain 1              | CPI +2.5% p.a.   | 10 Year <sup>2</sup>             | 4.99% ▲  | 3.83%   |
|  Sustain 2              | CPI +2.0% p.a.   | 10 Year <sup>2</sup>             | 3.55% ▲  | 3.33%   |
| <b>Choice investment options</b>   |  |                                  |  |   |
| <b>Diversified</b>   |  |                                  |  |   |
|  Moderate               | CPI +2.5% p.a.   | 3 Year                           | 3.43% <sup>3</sup> ▼                             | 3.63%   |
|  Balanced              | CPI +3.5% p.a.   | 10 Year                          | 8.19% ▲  | 5.53%   |
|  Socially Responsible | CPI +3.5% p.a.   | 5 Year                           | 4.41% <sup>3</sup> ▼                             | 4.80%   |
|  Aggressive           | CPI +4.5% p.a.   | 10 Year                          | 9.44% ▲  | 6.55%   |
| <b>Single sector</b>   |  |                                  |  |   |
|  Cash                 | To match the return of the Bloomberg AusBond Bank Bill Index, after fees and tax.  | 3 Year                           | 1.31% ▲  | 1.10%   |
|  Diversified Bonds    | To match the return of a 40% Australian and 60% international diversified bonds index (hedged in \$AUD), after fees and tax.                 | 3 Year                           | 3.97% ▲  | 3.65%   |
|  International Shares | To match the return of the MSCI World Developed Markets ex-Australia net dividends reinvested accumulation index, hedged after fees and tax. | 3 Year                           | 6.29% ▲  | 5.67%   |
|  Australian Shares    | To match the return of the S&P/ASX 200 Accumulation Index, after fees and tax.   | 3 Year                           | 5.16% ▼  | 5.53%   |

▲ returns above peer median

▼ returns below peer median

<sup>^</sup> Returns quoted are compounded annualised returns based on 30 June 2020 being the valuation date. Returns quoted in Member Benefit Statements for the same period are based on unit prices as at 30 June 2020. For an explanation of the difference, please see [qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices](https://qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices).

**1** Period of objective is set by the Board and forms part of their regular reviews. The above returns and objectives shown are for Accumulation options. Income options where applicable will be similar with one notable difference: Income account returns are not subject to Australian income tax in the retirement phase, while Accumulation account returns are subject to Australian income tax. QSuper returns are net of all fees and taxes. **2** As this option has not been in existence for 10 years, returns and benchmarks have been reported from inception to date. **3** The Moderate and Socially Responsible options of the Income account have met their investment objective. Differences between Accumulation account returns and Income account returns for the same investment option are described in Note 1.

# QSuper's Lifetime returns have performed strongly

QSuper's default investment option for Accumulation accounts, Lifetime, has delivered returns that are above the peer median for all lifecycle stages across 3 and 5 years.

Around 50% of our Funds Under Management (FUM)<sup>1</sup> is invested in Lifetime, QSuper's default (MySuper) investment option. Lifetime works by automatically personalising a member's investment strategy based on their age and Lifetime account balance.<sup>2</sup>

## Returns as at 30 June 2020

| QSuper Lifetime   | Your age   | Lifetime balance                 | Risk <sup>3</sup>  | 1-year                     |                          | 3-year                     |                          | 5-year                     |                          |
|---|------------|----------------------------------|--|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|   |            |                                  |  | QSuper return <sup>^</sup> | Peer median <sup>4</sup> | QSuper return <sup>^</sup> | Peer median <sup>4</sup> | QSuper return <sup>^</sup> | Peer median <sup>4</sup> |
|  Outlook     | Under 40   | Any balance                      |  Medium to high | -0.83% ▼                   | -0.77%                   | 5.55% ▲                    | 4.78%                    | 6.48% ▲                    | 5.36%                    |
|  Aspire 1    | 40-49      | Less than \$50,000               |  Medium to high | -0.50% ▲                   | -0.64%                   | 6.53% ▲                    | 4.78%                    | 7.12% ▲                    | 5.36%                    |
|  Aspire 2    | 40-49      | \$50,000 or more                 |  Medium         | 0.30% ▲                    | -0.24%                   | 6.07% ▲                    | 4.23%                    | 6.42% ▲                    | 4.66%                    |
|  Focus 1     | 50-57      | Less than \$100,000              |  Medium         | 0.13% ▲                    | -0.24%                   | 5.60% ▲                    | 4.23%                    | 6.08% ▲                    | 4.66%                    |
|  Focus 2    | 50-57      | \$100,000 to less than \$250,000 |  Medium        | 0.41% ▲                    | -0.24%                   | 5.45% ▲                    | 4.23%                    | 5.72% ▲                    | 4.66%                    |
|  Focus 3   | 50-57      | \$250,000 or more                |  Medium       | 0.59% ▲                    | -0.24%                   | 5.13% ▲                    | 4.23%                    | 5.25% ▲                    | 4.66%                    |
|  Sustain 1 | 58 or over | Less than \$300,000              |  Low          | 0.65% ▲                    | 0.62%                    | 3.77% ▲                    | 3.56%                    | 4.19% ▲                    | 4.03%                    |
|  Sustain 2 | 58 or over | \$300,000 or more                |  Very low     | 0.71%                      | N/A <sup>5</sup>         | 2.70%                      | N/A <sup>5</sup>         | 2.99%                      | N/A <sup>5</sup>         |

▲ returns above peer median

▼ returns below peer median

<sup>^</sup> Returns quoted are based on 30 June 2020 being the valuation date and are net of fees and taxes. Returns quoted in Member Benefit Statements for the same period are based on unit prices as at 30 June 2020. For an explanation of the difference, please see [qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices](https://qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices). 3 and 5 year returns quoted are compounded annualised returns.

**1** FUM includes the retirement funds managed by QSuper and excludes employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. **2** Lifecycle reviews occur twice a year. **3** Based upon the Standard Risk Measure. For further details see [qsuper.qld.gov.au/srm](https://qsuper.qld.gov.au/srm) **4** See Appendix 1 for information on data sources and peer groups. **5** Sustain 2 doesn't have an applicable peer group as there are no other MySuper options or lifecycle stages in the industry with very low risk.

# QSuper's Choice investment options have also performed well

**These one-year results sit against a market backdrop that saw global equity markets fall more than 30% before recovering.**

Around 30% of our Funds Under Management (FUM)<sup>1</sup> are invested in the Balanced option.

As shown in the table below, QSuper Balanced has outperformed the median of other funds over all periods. The investment strategy of the Socially Responsible option (accounting for 0.4% of FUM) changed from 1 July 2020 – our team of in-house investment

professionals now manage this option – and the past performance shown does not reflect the current success of the new strategy.

Performance of the International Shares option (accounting for 1.1% of FUM) and Australian Shares option (accounting for 1.4% of FUM) has been below peer median at times. All our options are continually reviewed to consider changes, however no changes have been made to the management of these options as these are passively managed options, aiming to capture the return of the relevant index in a cost-effective form. The QSuper Board will continue to review performance and alignment with this objective.

## Returns as at 30 June 2020

| Investment option                  | Risk <sup>2</sup> | 1-year                      |                                 | 3-year                      |                                 | 5-year                      |                                 | 10-year                     |                                 |
|------------------------------------|-------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
|                                    |                   | QSuper return <sup>^*</sup> | Peer median <sup>3</sup> return | QSuper return <sup>^*</sup> | Peer median <sup>3</sup> return | QSuper return <sup>^*</sup> | Peer median <sup>3</sup> return | QSuper return <sup>^*</sup> | Peer median <sup>3</sup> return |
| <b>Diversified</b>                 |                   |                             |                                 |                             |                                 |                             |                                 |                             |                                 |
| Moderate                           | Low               | 0.6% ▼                      | 0.8%                            | 3.6% ▼                      | 3.7%                            | 4.1% ▲                      | 4.1%                            | 5.6% ▲                      | 5.3%                            |
| Balanced                           | Medium            | 0.0% ▲                      | -0.8%                           | 5.6% ▲                      | 5.0%                            | 6.5% ▲                      | 5.5%                            | 8.4% ▲                      | 7.5%                            |
| Socially Responsible <sup>**</sup> | High              | -1.5% ▼                     | 0.4%                            | 4.7% ▼                      | 5.3%                            | 4.4% ▼                      | 5.2%                            | 6.7% ▼                      | 7.1%                            |
| Aggressive                         | Medium to high    | -0.8% ▲                     | -1.5%                           | 5.8% ▲                      | 5.7%                            | 7.0% ▲                      | 6.4%                            | 9.7% ▲                      | 8.5%                            |
| <b>Single sector</b>               |                   |                             |                                 |                             |                                 |                             |                                 |                             |                                 |
| Cash                               | Very low          | 0.9% ▼                      | 1.0%                            | 1.5% ▲                      | 1.5%                            | 1.7% ▲                      | 1.6%                            | 2.4% ▼                      | 2.5%                            |
| Diversified Bonds                  | Low to medium     | 4.2% ▲                      | 3.1%                            | 4.1% ▲                      | 3.6%                            | 3.9% ▲                      | 3.6%                            | 5.0% ▲                      | 4.7%                            |
| International Shares               | Very high         | 2.0% ▼                      | 3.5%                            | 6.5% ▼                      | 8.0%                            | 7.1% ▼                      | 7.8%                            | 11.1% ▲                     | 10.4%                           |
| Australian Shares                  | Very high         | -6.6% ▼                     | -6.0%                           | 5.3% ▲                      | 5.3%                            | 6.3% ▼                      | 6.4%                            | 8.2% ▲                      | 8.0%                            |

▲ returns above peer median

▼ returns below peer median

<sup>^</sup> Returns quoted are based on 30 June 2020 being the valuation date. Returns quoted in Member Benefit Statements for the same period are based on unit prices as at 30 June 2020. For an explanation of the difference, please see [qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices](https://qsuper.qld.gov.au/investments/how-qsuper-invests/unit-prices). 3, 5 and 10 year returns are compounded annualised returns.

<sup>\*</sup> Returns shown align with Chant West reporting practices and are net of investment fees and taxes and gross of the Administration fee. As a result, returns will not reconcile with those returns shown on page 4 across the same time period. Returns shown on page 4 are net of all fees and taxes.

<sup>\*\*</sup> The Socially Responsible Option returns are shown net of all fees and taxes.

<sup>1</sup> FUM includes the retirement funds managed by QSuper and excludes employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. <sup>2</sup> Based upon the Standard Risk Measure. For further details see [qsuper.qld.gov.au/srm](https://qsuper.qld.gov.au/srm) <sup>3</sup> See Appendix 1 for information on data sources and peer groups.

# We believe in keeping fees low

We strive to keep fees and costs low and our fees are in the lowest quartile compared to peers for most investment options.<sup>1</sup>

When looking across all investment options, our total fees (including administration and investment fees) are below the peer median.

For people aged in their 20s, QSuper has been ranked Australia's best value superannuation fund.<sup>2</sup> We also won the Best Value Super Fund for Young People Award 2020.<sup>3</sup>

## Fees for a \$50,000 Balanced option account



## Fees as at 30 June 2020

| QSuper options                   | QSuper total fees for a \$50,000 account | Comparison with other superannuation fund fees <sup>1</sup> |
|----------------------------------|--|---|
| <b>MySuper investment option</b> |  |   |
| <b>Lifetime</b>                  |  |   |
| Outlook                          | \$ 370                                   | Lowest fee quartile   |
| Aspire 1                         | \$ 315                                   | Lowest fee quartile   |
| Aspire 2                         | \$ 315                                   | Lowest fee quartile   |
| Focus 1                          | \$ 275                                   | Lowest fee quartile   |
| Focus 2                          | \$ 275                                   | Lowest fee quartile   |
| Focus 3                          | \$ 275                                   | Lowest fee quartile   |
| Sustain 1                        | \$ 210                                   | Lowest fee quartile   |
| Sustain 2                        | \$ 210                                   | Lowest fee quartile   |
| <b>Choice investment options</b> |  |   |
| <b>Diversified</b>               |  |   |
| Moderate                         | \$ 220                                   | Lowest fee quartile   |
| Balanced                         | \$ 320                                   | Lowest fee quartile   |
| Socially Responsible             | \$ 225                                   | N/A <sup>1</sup>  |
| Aggressive                       | \$ 345                                   | Lowest fee quartile   |
| <b>Single sector</b>             |  |   |
| Cash                             | \$ 110                                   | Lowest fee quartile   |
| Diversified Bonds                | \$ 255                                   | Lowest fee quartile   |
| International Shares             | \$ 120                                   | Lowest fee quartile   |
| Australian Shares                | \$ 115                                   | Lowest fee quartile   |

<sup>1</sup> See Appendix 1 for information on data sources and peer groups. <sup>2</sup> Media Release, 23 November 2020, QSuper emerges as Australia's best value super fund for young people, Rainmaker Information, at rainmaker.com.au <sup>3</sup> Money magazine's Best of the Best awards. Money magazine awards are solely a statement of opinion and do not represent a recommendation to purchase, hold or sell this product, or make any other investment decisions. Ratings are subject to change. Go to moneymag.com.au for details of its ratings criteria. Past performance is not a reliable indicator of future performance. Ratings, awards or investment returns are only one factor that you should consider when deciding how to invest your super.



## Part 2

### Assessing the appropriateness of:

- Investment strategy
- Fees
- Options, benefits and services
- Operating costs and scale
- Insurance strategy and affordability.

## QSuper's strategies, operations and services are sound

### 1. Investment strategy

#### Industry-leading investment strategy

Our default MySuper product, [QSuper Lifetime](#), reflects the view that 'one size fits all' is not appropriate for members of different ages and account balances, and automatically adjusts default members' investments accordingly. The QSuper Board has concluded its unique investment strategy acts in the best financial interests of members.

In line with its governance responsibilities, the Board will continue to regularly review the appropriateness of the investment strategy going forward.

### 2. Options, benefits and services

#### Choice and flexibility that matters

QSuper aims to provide members with the best possible retirement outcomes, and that requires high-quality and flexible support services. We provide members with a seamless interaction with QSuper in their channel of choice – either in person or over-the-phone through our in-house Member Services team, or online using Member Online. In addition, members can attend seminars online or face-to-face. For members wanting to take control over how their super is invested, we offer our Self Invest option. More and more, members are using these products and services to assist them in managing their super.

To help members achieve their best possible retirement and to provide support through COVID-19, QSuper increased the scope of phone advice topics in 2019-20 to include retirement income planning and management. We also enhanced the digital tools and seminars for members.

We believe that the options, benefits and services offered to members are appropriate and do not detrimentally impact fees and member returns.

These options and services helped us to be rated Australia's most recommended super fund by our members.<sup>1</sup>

| Item   | 2018-19 | 2019-20 |
|--|---------|---------|
| Contact centre (# of calls)  | 441,989 | 427,321 |
| General advice over the phone (# of pieces of advice)                      | 43,540  | 40,804  |
| Member Online (# of logins)  | 295,399 | 359,627 |
| Statements of advice that include Intrafund Advice (phone or face-to-face) | 12,569  | 9,815   |
| Seminars, digital education and events (# of attendees)                    | 69,438  | 84,177  |
| Self Invest (# of members invested)  | 2,836   | 4,161   |

<sup>1</sup> Award is based on information collected from the DBM Atlas research program – feedback from over 80,000 business owners or retail customers, from January 2019 through December 2019. Award results are based on experiences and perceptions of customers surveyed in this period. For DBM Atlas and DBM Australian Financial Awards information, visit [dbmconsultants.com.au](http://dbmconsultants.com.au)

### 3. Fees

#### Simple, transparent, competitive fees means more money for members' retirement

As a profit-for-member super fund, our interests are aligned with our members, not shareholders. Reflecting this, we are constantly looking for ways to keep our fees low (see page 7).

The QSuper Board believes it is in the best interests of members not to charge account transaction fees:<sup>1</sup>

- \$0 – Transaction fees
- \$0 – Fixed weekly fees
- \$0 – Withdrawal fees
- \$0 – Investment switching fees
- \$0 – Buy-sell spread fees.

We have progressively lowered our administration fee, from 0.22% p.a in 2014-15 to 0.16% p.a today. The QSuper Board believes the current administration fee structure and level of 0.16% p.a of account balance (capped at \$900) is delivering value for money for members. It is acknowledged members with a higher balance will pay a higher administration fee than members with a low account balance. Members with lower balances are likely to be younger members who use services less than those approaching retirement.

### 4. Operating costs and scale

#### Operating costs are appropriate

With a profit-for-purpose ethos, we make business decisions that grow and improve our business for the benefit of our members. Our operating expenses have grown at a similar rate to funds under administration<sup>2</sup> (FUA) – \$117 billion as at 30 June 2020. The Operating Cost Ratio is below peer average and trending downwards.<sup>3</sup>

#### Our size brings opportunities that benefit members

- Our large scale of FUA and high proportion of liquid assets (30% as at 30 June 2020) ensures the Fund is in a strong position to take advantage of attractive investment opportunities.
- We have a strong ability to attract and retain high-quality staff.
- Our scale affords us a strong ability to negotiate for the highest levels of automatic insurance cover for members.
- We have strong bargaining power, allowing access to leading suppliers and ability to negotiate terms.

We are currently pursuing a merger with Sunsuper and it is expected that this would increase the scale of our operations further.

<sup>1</sup> Excludes the Self Invest option. <sup>2</sup> FUA includes the retirement funds managed by QSuper and employer-sponsor receivables for Defined Benefit members managed and held by Queensland Treasury. <sup>3</sup> Peer average is based on funds with FUA greater than \$25 billion. Source: APRA Annual Statistics as at 30 June 2020 [www.apra.gov.au/annual-mysuper-statistics](http://www.apra.gov.au/annual-mysuper-statistics) <sup>4</sup> Eligibility conditions and criteria apply for eligible Accumulation account members only. <sup>5</sup> Source: Chant West Product Research tool, accessed November 2020. The Chant West data is based on information provided by third parties that is believed to be accurate. Chant West does not issue, sell, guarantee, or underwrite this product. The findings are based on levels of cover for Death, TPD and IP default products where included as default. <sup>6</sup> Terms and conditions apply. See Accumulation Account Insurance Guide for details. <sup>7</sup> ASIC MoneySmart website [moneysmart.gov.au/how-life-insurance-works/life-insurance-claims-comparison-tool](http://moneysmart.gov.au/how-life-insurance-works/life-insurance-claims-comparison-tool)

### 5. Insurance strategy and affordability

#### Protecting our members with flexible cover<sup>4</sup>

QSuper provides eligible Accumulation account members with one of the highest levels of automatic insurance cover offered by an industry or public sector fund.<sup>5</sup> We offer default death and total and permanent disability cover, and many members also automatically receive income protection cover, with the ability to tailor cover to meet individual needs. QSuper has elected (under the Dangerous Occupations Exception) that members employed by the Queensland emergency services be provided with automatic default insurance cover regardless of their age and account balance.<sup>6</sup> This includes all employees of Queensland Fire and Emergency Services, Queensland Police Service, and Queensland Ambulance Service. Cover is highly valued by QSuper members with 65% of Accumulation account members holding insurance.

Our member-centric holistic approach to claims management supports members and their families in their time of need. When compared with the industry average, our members generally are more satisfied with claims decisions than the industry average.<sup>7</sup>

#### Affordable automatic cover for members

QSuper provides meaningful levels of affordable default cover for members, supported by sustainable premiums and with the ability and support to personalise cover to meet individual circumstances. We have committed to adopting the Insurance in Superannuation Voluntary Code of Practice, and have opted out of the requirement to cap premiums for automatic cover at 1% of salary. Protecting our members requires a focus on value not just cost and this decision allows us to continue to provide adequate levels of cover to our members.

QSuper conducts regular pricing reviews and assesses the affordability of premiums. Our [recent pricing changes](#) at 1 January 2021 were made to ensure we can continue to pay claims into the future.

We also conduct regular product reviews to ensure our cover is suitable for our current and future members and a review is currently underway.



# Annual determination

## Annual determination as at 30 June 2020

### Accumulation account product determination

Based on the analysis performed above the QSuper Board has determined that;

- The fees, risk and return of the Accumulation account product compare well to peers (including MySuper investment options).
- With reference to the beneficiaries of the Accumulation account product:
  - The investment strategy, including the level of investment risk and return target, is appropriate
  - The basis for the setting of fees is appropriate
  - The options, benefits and facilities offered are appropriate
  - Operating costs are not inappropriately affecting financial interests
  - The scale of the Trustee's business operations is not causing disadvantage
  - The insurance strategy is appropriate and does not inappropriately erode retirement income

And therefore, the financial interests of the beneficiaries of the Accumulation account product are being promoted by the Trustee.

### Income account product determination

Based on the analysis performed above the QSuper Board has determined that;

- The fees, risk and return of the Income account product compare well to peers.
- With reference to the beneficiaries of the Income account product:
  - The investment strategy, including the level of investment risk and return target, is appropriate
  - The basis for the setting of fees is appropriate
  - The options, benefits and facilities offered are appropriate
  - Operating costs are not inappropriately affecting financial interests
  - The scale of the Trustee's business operations is not causing disadvantage

And therefore, the financial interests of the beneficiaries of the Income account product are being promoted by the Trustee.



# Appendix 1

Part 1 includes a comparison of return and total fees<sup>1</sup> associated with each of our MySuper and Choice investment options separately.<sup>2</sup> For our MySuper option 'Lifetime', comparisons are made for each lifecycle stage. Returns and fees are compared to the median for a reasonable peer group as noted below:

| Classification       | Grouping         | Name of option / lifecycle stage | Peer group   | Data source   |
|----------------------|------------------|----------------------------------|--|---|
| MySuper              | Lifecycle stages | Outlook                          | MySuper investment options and Lifecycle stages with the same Standard Risk Measure (SRM) <sup>3</sup> | APRA Quarterly statistics (as collated by Chant West <sup>4</sup> ) |
|                      |                  | Aspire 1 and 2                   |  |   |
|                      |                  | Focus 1, 2 and 3                 |  |   |
|                      |                  | Sustain 1 and 2                  |  |   |
| Choice               | Diversified      | Balanced                         | Diversified options with a similar % of growth assets  | Chant West <sup>4</sup>   |
|                      |                  | Moderate                         |  |   |
|                      |                  | Aggressive                       |  |   |
|                      | Single sector    | Socially Responsible (SR)        | Sustainable investment options   | SuperRatings <sup>5</sup> (for returns only)                        |
|                      |                  | Cash                             | Single sector options within the same sector (e.g. Cash)   | Chant West <sup>4</sup>   |
|                      |                  | Diversified Bonds                |  |   |
| International Shares |                  |                                  |  |   |
|                      |                  | Australian Shares                |  |   |

Part 2 of the assessment determines whether additional services and default insurance offering associated with our Accumulation and Income products are affordable and appropriate to the members holding those products. In most instances the additional services we offer are consistent between Income and Accumulation account holders, so this analysis is performed only once for each area.

**1** Total fees comprise the administration fee (see page 9), investment fee and indirect cost ratio. These are based on the fees and costs for 2019-20 and may differ from future fees and costs. There are other costs such as operating costs of property investments that are not included in total fees but are reflected in the unit prices, and the calculation of the net earnings. **2** Excludes Self invest. See page 8 for information on Self invest. **3** For further details see [qsuper.qld.gov.au/srm](https://qsuper.qld.gov.au/srm) **4** Chant West's Member Outcomes Dashboard, data ending 30 June 2020. © Zenith CW Pty Ltd ABN 20 639 121 403 (Chant West), Authorised Representative of Zenith Investment Partners Pty Ltd ABN 27 103 132 672, AFSL 226872 under AFS Representative Number 1280401. The data provided by Chant West is based on information supplied by third parties and does not contain all the information required to evaluate the nominated service providers, you are responsible for obtaining further information as required. The data provided by Chant West does not constitute financial product advice. However, to the extent that this data is advice it is General Advice (s766B Corporations Act) and Chant West has not taken into account the objectives, financial situation or needs of any specific person who may access or use this data. It is not a specific recommendation to purchase, sell or hold any product(s) and is subject to change at any time without prior notice. Individuals should consider the appropriateness of any advice in light of their own objectives, financial situations or needs and should obtain a copy of and consider any relevant PDS or offer document before making any decision. Data is provided in good faith and is believed to be accurate, however, no representation, warranty or undertaking in relation to the accuracy or completeness of the data is provided. Data provided is subject to copyright and may not be reproduced, modified or distributed without the consent of the copyright owner. Except for any liability which can not be excluded, Chant West does not accept any liability whether direct or indirect, arising from use of this data. Past performance is not an indication of future performance. Full details regarding Chant West's research methodology, processes, ratings definitions are available at [chantwest.com.au](https://chantwest.com.au) and *Chant West's Financial Services Guide* is available at [chantwest.com.au/financial-services-guide](https://chantwest.com.au/financial-services-guide) **5** SuperRatings Sustainable Fund Crediting Survey (30 June 2020). SuperRatings does not issue, sell, guarantee, or underwrite this product. Go to [superratings.com.au](https://superratings.com.au) for further details. Past performance is not a reliable indicator of future performance.



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