



WHOLE OF LIFE AND ENDOWMENT PRODUCTS MEMBER OUTCOMES ASSESSMENT

INTRODUCTION

In this report, Equity Trustees Superannuation Limited (**we, our, us**) publishes the results of our annual assessment of how well the Whole of Life and Endowment products (the **Products**) issued from the National Mutual Retirement Fund (the **Fund**) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2020.

COVERAGE

The report covers the following individual products:

- Investment Only Lifestyle Protection Plan;
- Investment Only Premier Lifestyle Protection Plan;
- Open Ended Lifestyle Protection Plan;
- Open Ended Premier Lifestyle Protection Plan;
- Open Ended Premier Plus Lifestyle Protection Plan;
- Defined Period Lifestyle Protection Plan;
- Defined Period Premier Lifestyle Protection Plan;
- Premier Plus Lifestyle Protection Plan;
- Non-Participating Plan; and
- Progressive Life Plan.

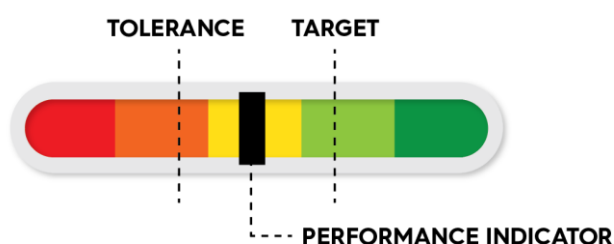
METHODOLOGY AND STRUCTURE

In conducting this assessment, we compared the Products to other similar superannuation products using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential Standard SPS 515 *Strategic Planning and Member Outcomes*. This comparison includes outcomes related to insurance claims; and the options, benefits and facilities offered to members. These options, benefits and facilities include administration, sustainability (as a measure of the ability to deliver optimal member outcomes in the future) and liquidity.

This report also includes a dashboard that depicts our assessment of the Products' market-relative performance for each outcome we aim to provide members; a table summarising the key metrics that we relied on when making this assessment; and our commentary on this performance that includes action items to improve suboptimal performance.

For each member outcome, the dashboard presents the relevant segment of market performance. The width of each segment is based on the range of market performance for each outcome and is specific to each outcome. The positioning of the black performance indicator bar against the colour coding is our assessment of how well the outcome has been delivered.

Example dashboard for illustrative purposes only





The target is the average position of broadly similar products while the tolerance level is the trigger for us to consider any necessary actions to improve member outcomes.

OVERALL ASSESSMENT

Having considered the information available to us at the time of writing, including comparing the Products with similar superannuation products, we have concluded that as a result of the following factors the Products are promoting members’ financial interests:

1. the options, benefits and facilities offered in the Products are appropriate for members;
2. the insurance premiums charged for the Products are appropriate;
3. the insurance strategy for the Products is appropriate; and
4. the scale of the Products and the Fund does not disadvantage members.

DASHBOARD

STRATEGIC CONTEXT

Together with the Fund’s promoter, AMP Life Limited (**AMP**), our purpose for the Fund is to enhance member retirement outcomes through offering new and different service options which simplify products and pricing, and enhance member engagement.

To support this purpose, our goals for the Fund are to enhance member outcomes and experience, manage risks effectively, meet compliance requirements, and provide operational excellence.

The Products are traditional superannuation products that are supported by traditional, whole of life or endowment policies.

INSURANCE CLAIM MANAGEMENT

Outcomes	Valid claims are accepted and paid in a timely manner.				
The Products’ performance relative to other similar products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	5.1	Insurer’s declined claims ratio - life cover	0.53%	3.70%	2.42%
	5.2	Insurer’s average time to decision - life cover	1.22	2.03	1.37
	5.3	Insurer’s declined claims ratio - TPD cover	19.66%	17.30%	12.27%
	5.4	Insurer’s average time to decision - TPD cover	5.11	5.80	5.01
	5.5	Insurer’s declined claims ratio - IP cover	9.07%	7.80%	5.59%
	5.6	Insurer’s average time to decision - IP cover	2.14	2.50	1.87
	5.7	Insurance-related EDR complaints	0.08	2.37	1.01
	5.2, 5.4 and 5.6 The time to decision is measured in months. 5.3 – 5.4 TPD means “Total and Permanent Disablement”. 5.5 – 5.6 IP means “Income Protection”. 5.7 EDR means “External Dispute Resolution”. 5.7 This is the annual number of insurance-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.				

Commentary

The metrics in the table relate to the insurer’s management of claims for superannuation policies generally, rather than for the Products specifically.

We review all declined insurance claims to ensure the insurer has acted fairly and reasonably, and regularly monitor the time it takes in making decisions. Based on our analysis we consider that the insurer accepts and pays all valid claims in a reasonable timeframe, and that any outcomes that are outside our tolerance level are due to the circumstances of individual claims.



MEMBER ENGAGEMENT AND EXPERIENCE

Outcomes	Administration services satisfy member expectations.				
The Products’ performance relative to other similar products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	7.1	Active member ratio	71.68%	68.18%	82.74%
	7.2	Administration-related EDR complaints	0.81	4.82	2.07
	<p>7.1 The active member ratio is the portion of member accounts that in the last two years have received a contribution, rollover or transfer; or have made benefit payments.</p> <p>7.2 EDR means “External Dispute Resolution”.</p> <p>7.2 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.</p>				

Commentary

The metrics in the table relate to the Fund rather than the Products.

The Products provide members with reasonable quality administration services. Members are engaged and complaints requiring external dispute resolution are low.

SUSTAINABILITY

Outcomes	The Products and Fund are sustainable and likely to deliver optimal outcomes in the future.				
The Products’ and Fund’s sustainability relative to other similar products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	8.2	Movement in member accounts p.a.	279.87%	-36.39%	-8.01%
	8.3	Average member age	55.9	58.0	48.7

Commentary

As the Fund is generally closed to new members, movements in member accounts and the average member age are expectedly below our targets. We expect these indicators will move further away from our targets as members move closer to retirement.

With total member benefits of \$6.2b and almost 234,000 members remaining, the Fund retains sufficient scale to deliver scale benefits and support member outcomes in the future. Nevertheless, we continue to monitor the impact that the expected reduction in Fund size may have on member outcomes.



LIQUIDITY

Outcomes	Benefit and rollover requests can be met in a timely manner from insurance policies.				
The Products’ performance relative to other similar products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	9.1	Insurer financial strength rating	A-	BBB	AA

Commentary

We regularly monitor whether the insurance policies would be able to meet cash requirements in extreme situations. Based on our analysis, we consider that benefits are supported by an insurer with a strong capacity to meet its financial commitments. The Products were able to meet their cash requirements despite the impact that COVID-19 had on markets.

BENEFIT SECURITY

The Products provide benefits that are supported by a traditional, whole of life or endowment policy issued by the insurer (**Policy**). Depending on the terms of the relevant Product, this Policy:

- participates in the profits of the Insurer’s statutory fund; and/or
- might include a surrender value guarantee.

The Australian Prudential Regulation Authority has issued capital and solvency requirements for life insurance policies, and for determining their minimum surrender value. In this regard, for the year ended 30 June 2020 the insurer:

- has confirmed to us that it met the solvency and capital adequacy requirements for this Policy; and
- prepared a Financial Condition Report in which it affirmed that surrender values for all its policies met or exceeded the requirements for surrender values.

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