

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

Aware Super	
FSS121QW:	In dollar terms , how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on: a. radio? b. television? c. print?
Answer:	Nil

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Aware Super	
FSS122QW:	In minutes , how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on: a. radio? b. television? c. print?
Answer:	Nil

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Aware Super	
FSS123QW:	Please complete the table for the last five financial years outlining your financial contribution to Industry Super Australia
Answer:	We have made no payments to Industry Super Australia.

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FSS124QW:	What is your current policy on whether your funds are permitted to invest in: a. residential property? b. Build-to-Rent housing? c. social housing?
Answer:	We are permitted to invest in any of these categories from a mandate perspective, but in practice, we seek appropriate returns for the underlying risk of the investment. To date, this has ruled out social housing.

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FSS125QW:	What data do you have on the home ownership rates of fund members?
Answer:	<p>We generally rely on data from public sources for analysis of home ownership (eg, RBA, ABS and AHURI). We have also used the research on housing affordability produced by the ARC Centre of Excellence in Population Ageing Research (CEPAR) at the University of NSW.</p> <p>The fund does not automatically collect this data, except through surveys, or where members seek personal advice. The advised member information is not aggregated.</p>

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Aware Super	
FSS126QW:	Have you ever: a. completed <i>internal</i> research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not? b. commissioned <i>external</i> research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?
Answer:	a. We have conducted internal actuarial analysis of the retirement outcomes for home-owning versus non-homeowning retirees, and referenced the different outcomes in our submission to the Retirement Income Review. For this we used data about our members' balances compared with the ASFA Comfortable Standard for home owners and non-home owners. These models are regularly updated. b. We conducted focus group surveys of members in 2016 to test, amongst other things, their interest in either equity release or reverse mortgage products, but have not commissioned external research on outcomes. The focus group results showed members had little interest in, or demand for usage of home equity or reverse mortgages. Most respondents were ambivalent, and reluctant to incur additional debt even where members over age 55 could see there might be benefit.

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FSS127QW:	For the last five financial years, please complete the table for the average return on all your investments.
Answer:	Average return on all investments in table below (<i>this information is also available on APRA's statistics</i>)

Aware Super (First State Super) return reported on APRA fund level statistics as at June 2020

1 year	1.1%
5 years	5.9%
10 years	7.3%

Financial year – one year rate of return %	2015-16	2016-17	2017-18	2018-19	2019-20
Total assets Aware Super return (source: APRA data)	2.0	11.1	9.2	6.6	1.1
Returns for our largest Accumulation investment options, in which most of our members are invested (does not include assets in retirement phase, or returns from VicSuper or from StatePlus.) Source: internal performance analysis					
Aware High Growth (MySuper for under age 55 from 10 June 2021)	0.83	14.75	12.37	8.22	1.37
Aware MySuper Growth (current option for those aged up to age 59)	1.60	12.43	10.19	7.71	1.33
Aware MySuper Balance (current option for those over 60)	3.05	9.49	8.28	7.14	1.12

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FSS128QW:	For the last five financial years, please complete the table for investments across all your funds in all forms of residential property: a. in nominal value b. as a share of your total portfolio c. the average return on investment.
Answer:	This information relates to several different forms of residential housing investments, including, amongst others: <ul style="list-style-type: none"> • multi-family residential property, • key worker affordable housing, • retirement villages. <p>These investments are both in Australia and overseas</p>

Our property portfolio has an investment objective CPI +5%. Returns range from 8% to 15% across the five years, with differences in return driven by regional markets, project development stage and maturity, and by asset type.

Financial year – Residential property	2015-16	2016-17	2017-18	2018-19	2019-20
a) Nominal value \$	\$9.5 m	\$186.4 m	\$ 254.5 m	\$666.7 m	\$914.1 m
b) As % of total portfolio	0.02%	0.29%	0.36%	0.85%	0.93%
c) Average return on investment (over the five years) %	n/a	n/a	n/a	n/a	n/a

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Aware Super	
FSS129QW:	For the last five financial years, please complete the table for investments across all your funds in Build-to-Rent property: a. in nominal value b. as a share of your total portfolio c. the average return on investment.
Answer:	This information relates to build-to-rent projects and assets, also in key worker affordable housing in Australia and offshore, and multi-family property development joint ventures in the USA.

Our property portfolio has an investment objective CPI +5%. Returns range from 8% to 15% across the five years, with differences in return driven by regional markets, project development stage and maturity, and by asset type.

Financial year – Build-to-Rent	2015-16	2016-17	2017-18	2018-19	2019-20
a) Nominal value \$	\$9.5 m	\$15.95 m	\$22.5 m	\$382.4 m	\$596.2 m
b) As % of total portfolio	0.02%	0.03%	0.03%	0.49%	0.61%
c) Average return on investment (over the five years) %	n/a	n/a	n/a	n/a	n/a

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Aware Super	
FSS130QW:	For the last five financial years, please complete the table for investments across all your funds in social housing property: a. in nominal value b. as a share of your total portfolio c. the average return on investment.
Answer:	We do not have any investments in social housing.

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Aware Super	
FSS131QW:	<p>Please outline your policy on:</p> <ul style="list-style-type: none">a. Fund members using their superannuation fund for a deposit to buy their first home.b. Retirees using their superannuation to:<ul style="list-style-type: none">i. renovate their homeii. pay rent.
Answer:	<p>Currently, we support the government’s initiatives for members accessing their super for housing for two circumstances - extra personal super contributions for First Home Saver Super Scheme (FHSSS) and the Downsizer \$300,000 contribution for people aged 65 and over on the sale of the family home.</p> <ul style="list-style-type: none">a. Our website contains information for members on how the FHSSS works, and a webinar on <i>Home Buying Basics</i> which outlines the scheme. At least 865 Aware Super members have drawn \$13.5 million using the FHSSS scheme since 1 July 2018.b. We do not develop policies to tell members what to do with their retirement income, nor do we collect data on expenditure. We mention the Downsizer contributions in our webinar <i>Planning for retirement</i>. Advised members may seek budgeting and expenditure guidance from their financial planner. We note that at least 458 Aware Super members have contributed \$108.7 million through the Downsizer Scheme since 1 July 2018 – an average of \$237,000 each.

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FSS132QW:	Within your fund, what percentage of retirees in each of the last five financial years used their superannuation to: a. renovate their home? b. clear their remaining mortgage?
Answer:	a. We have no visibility of retirement savings being used for renovations – and no data. b. We have not surveyed members on clearing mortgages, nor do we have data on this.

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Aware Super	
FSS133QW:	Insurance premiums a. Have you ever deducted insurance premiums from fund members for insurance policies that they are not covered by? b. Have you ever completed an audit to identify if insurance premiums have been deducted from fund members for insurance policies that they are not covered by?
Answer:	a. Under certain unusual circumstances premiums may be charged where the member may not be covered. Some examples include: <ul style="list-style-type: none">• Commencing military service without advising us• Transferring cover from a previous provider without cancelling, or without disclosing previous application declines• Not disclosing having received a TPD or terminal illness payment from another policy• Income Protection becoming invalid if the person has been unemployed for 12 months, or on employer approved leave for more than 24 months.• Errors arising from incorrect data or processing delays Where we find evidence, we remediate with full premium refunds to affected members. b. We conduct both internal audits and regular internal error checking, monthly premium and fee checking analysis, system reviews and process checks to look for errors.

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<p>Aware Super</p>	
<p>FSS134QW:</p>	<p>Material distributed to members</p> <p>a. Have you ever distributed materials to members that state and/or suggest that:</p> <ul style="list-style-type: none"> i. members have coverage under insurance policies that they do not have? ii. members are required to keep a minimum balance in their superannuation fund? iii. their employer may be unwilling to contribute to another superannuation fund? iv. members require a statement of any kind from their employer to move away from your fund? <p>b. Have you ever completed an audit of materials distributed to members that state and/or suggest that members have coverage under insurance policies that they do not have?</p> <p>c. Have you ever completed an audit to establish whether you have distributed materials to members that state and/or suggest that:</p> <ul style="list-style-type: none"> i. they are required to keep a minimum balance in their superannuation fund? ii. their employer may be unwilling to contribute to another superannuation fund? iii. they require a statement of any kind from their employer to move away from your fund?
<p>Answer:</p>	<p>a. Material distributed to members</p> <ul style="list-style-type: none"> i. Our disclosure documents which provide information on default and additional cover identify the circumstances under which members might not have cover – the PDS suggests members check their eligibility. <p>Where a member falls into one of the categories we listed in FSS133QW a), such as military service, and the fund is unaware of this, we may unwittingly provide incorrect information to the member.</p> <ul style="list-style-type: none"> ii. No. iii. No. iv. No. <p>b. We review insurance policies and consumer materials regularly. We do not offer policies under which members are not entitled to cover. Some exclusions relating to non-disclosure of pre-existing conditions apply to additional (non-default) cover.</p>

	<p>c. i) to iii) We have never completed an audit, because we have not required or implied that any of the conditions cited in this question need to be met by members or employers.</p>
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