

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### CARE

**CARE96QW:** Since 1 January 2020, for each fund, please outline:

- a. The date and value at the highest valuation of the fund?
- b. The date and value at the lowest valuation of the fund?
- c. The number of business days between the highest and lowest valuation for the fund?
- d. The nominal value between the highest and lowest valuation for the fund?
- e. The percentage value between the highest and lowest valuation for the fund?
- f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?
- g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?
- h. What volume of switching of investments occurred between funds between the highest and lowest valuations?
- i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?
- j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?
- k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?
- l. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?

**Answer:**

**a. The date and value at the highest valuation of the fund?**

CareSuper offers multiple investment options to its members. Each investment option has a unique Asset Allocation. As such the movement in valuation of each is independent of the others.

The movements in valuations for each option are reflected in the unit prices which are published daily on our website. Please refer to the website

<https://www.caresuper.com.au/investments/investment-performance/unit-pricing>

**b. The date and value at the lowest valuation of the fund?**

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**c. The number of business days between the highest and lowest valuation for the fund?**

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**d. The nominal value between the highest and lowest valuation for the fund?**

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**e. The percentage value between the highest and lowest valuation for the fund?**

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**f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?**

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The movements in valuations for each option are reflected in the unit prices which are published daily on our website. Please refer to the website at <https://www.caresuper.com.au/investments/investment-performance/unit-pricing>

**g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?**

CareSuper does not offer an investment option to members that offers exposure solely to the full unlisted investment program across Infrastructure, Private Equity and Property.

However, the fund's Accumulation Balanced (MySuper) Option is the largest holder of the unlisted investments owned by the Fund. The daily movement in the Balanced Option's unit price can be found at <https://www.caresuper.com.au/investments/investment-performance/unit-pricing>.

ASX Values through time can be found on the ASX website: <https://www.asx.com.au/about/historical-market-statistics.htm>

**h. What volume of switching of investments occurred between funds between the highest and lowest valuations?**

Balanced (MySuper) Option-Accumulation	
Mar-20	-\$ 209,830,549.43
Apr-20	-\$ 30,486,429.24
May-20	\$ 897,546.80
Jun-20	-\$ 1,579,313.96

The table above shows the net dollars switched out of or switched into the Accumulation Balanced (MySuper) Option which is the largest Option offered by the Fund. It shows net switches monthly from March 2020 as March 2020 was the month in which markets suffered their deepest falls.

**i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?**

Investment choices of individuals are treated with confidence.

However, CareSuper has in place a comprehensive Conflicts Management Policy.

This Conflicts Management Policy requires that 'blackout' periods are declared and enforced such that any director, executive or member of staff who was aware of any advance or sensitive information on valuations is prohibited from switching for the duration of the period.

Black-out periods were enforced at various times in the six months from 1 January 2020 to 30 June 2020.

**j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?**

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Black-out periods were enforced at various times in the six months from 1 January 2020 to 30 June 2020.

**k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?**

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Black-out periods were enforced at various times in the six months from 1 January 2020 to 30 June 2020.

**I. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?**

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Black-out periods were enforced at various times in the six months from 1 January 2020 to 30 June 2020.

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

#### CARE

- CARE97QW:** On financial advisers providing non-intrafund advice (i.e. comprehensive advice - beyond the scope of intrafund advice) within the fund over the past five financial years:
- a. How many do you employ (or are you paying for through outsourced arrangements)?
  - b. What is the revenue generated from these non-intrafund advisers?
  - c. How many financial advisers within the fund also provide intrafund advice?
  - d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?
  - e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?
  - f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?
  - g. What is the total budgeted cost and actuals for financial advisers?
  - h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?
    - i. What is the aggregated cost of their remuneration?
    - ii. What is the aggregated cost for their employment?
    - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
    - iv. What is the aggregated cost for marketing their services?
    - v. What is the aggregated cost for administrative support services?
    - vi. What is the aggregated cost for professional insurance and indemnity?
    - vii. What is the aggregated cost for compliance oversight?
    - viii. What is the aggregated cost for legal oversight?
    - ix. What is the aggregated cost for other regulatory oversight?
    - x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?

**Answer:**

CareSuper recognises the importance of holistic education and financial advice for its members which is non-conflicted and in members' best interests. This includes education tools and services, intra fund and non intra fund advice. Our aim is to help our members make good decisions to achieve the best possible outcomes in their retirement.

From time to time, members will have the need for more comprehensive advice and this service is provided to those members at a cost of \$395 per hour. These services are provided by fully qualified financial planners who have no other interest than to act in the best interests of members.

Over the past 5 years CareSuper has expanded resourcing in this area from 3 advisers to 6 advisers who provide non-intrafund advice. During the past 2 years CareSuper has transitioned from the advisers being employed and licenced through Industry Fund Services and assigned to CareSuper, to being directly employed by CareSuper as Authorised Representatives of Industry Fund Services.

Under both arrangements the advisers are paid salaries with no incentives such as commissions or bonuses. CareSuper's general target remuneration position for employees is the median of the 'all profit to members' financial services sector. It undertakes periodic benchmarking to confirm its position.

The main activities of the advisers who provide non-intrafund advice include providing both general and comprehensive advice to members and their spouse only, education sessions (for example, seminars and webinars), along with completing all training as set by their licensee, Continuing Professional Development Standard requirements as set by FASEA, and the required training as a CareSuper employee (eg. Cyber Security, AML/CTF).

Financial advice is one of many services that the fund promotes and offers to its members, and the advice function is not a separate business to the superannuation fund.

We have reported the following year end fund level information on financial advice costs and expenses to APRA:

<b>Fin Yr</b>	<b>Total Advice fees paid (Table 6 Row AF)</b>	<b>Advice expenses (Table 3 Row BJ)</b>	<b>Net</b>
<b>2019</b>	161,000	1,160,000	(999,000)
<b>2018</b>	162,000	1,331,000	(1,169,000)
<b>2017</b>	211,000	945,000	(734,000)
<b>2016</b>	175,000	1,265,000	(1,090,000)
<b>2015</b>	156,000	1,181,000	(1,025,000)

We do not report separately on intrafund and non-intrafund advice. The full report is available here: [Annual Fund-level Superannuation Statistics Back Series June 2019.xlsx](#)

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#### CARE

- CARE98QW:** On financial advisers providing intrafund advice (i.e. strictly limited to advice on your super fund for the member only - not spouse) within your fund over the last five financial years:
- a. How many do you employ (or are you paying for through outsourced arrangements)?
  - b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?
    - i. What is the aggregated cost of their remuneration?
    - ii. What is the aggregated cost for their employment?
    - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
    - iv. What is the aggregated cost for marketing their services?
    - v. What is the aggregated cost for administrative support services?
    - vi. What is the aggregated cost for professional insurance and indemnity?
    - vii. What is the aggregated cost for compliance oversight?
    - viii. What is the aggregated cost for legal oversight?
    - ix. What is the aggregated cost for other regulatory oversight?
    - x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?
  - c. What is the revenue that intrafund advisers have generated?
  - d. How many financial advisers providing intrafund advice also provide it within the fund?
  - e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?
  - f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?
  - g. What is the total budgeted cost and actuals for the intrafund advice unit?
  - h. What is the revenue generated from these financial advisers?  
Within your fund, is there any cross-subsidisation for intrafund advice services?
  - i. Within your fund, is there any cross-subsidisation for intrafund advice services?



**Answer:**

The fund recognises the importance of holistic education and financial advice for its members which is non-conflicted and in members' best interests. This includes education tools and services, intra fund and non intra fund advice. Our aim is to help our members make good decisions to achieve the best possible outcomes in their retirement.

Intrafund advice is a service that must be available to all members of the fund on the same terms and may be collectively charged. Advice can be provided directly by an employee of the fund or by another person under arrangement. Section 99F of the SIS Act outlines the circumstances where trustees cannot collectively charge for personal advice.

Over the past 5 years, resourcing for intra fund advice has expanded from 2 advisers to 4 advisers. This level of advice is provided by our Administrator as part of the overall range of services it is contracted to deliver and is not a separate or additional charge. Intra fund advice is offered to members as part of their membership as it is reasonable that they can expect answers to questions directly related to their interest in the Fund. These advisers do not generate revenue for CareSuper. These advisers are employed and licenced by our Administrator. As this is an outsourced service arrangement, we have no oversight of or influence on the actual remuneration paid to these advisers.

Over a year ago CareSuper transitioned intra-fund advice from the advisers being employed and licenced through Industry Fund Services, to advisers being provided through our Administrator. Financial advisers employed by CareSuper can, but generally do not, provide intrafund advice. A recent example of these Advisers providing intrafund advice was to meet the significant increase in demand following Covid-19 outbreak. Otherwise the responsibility for intrafund advice rests with the Administrator.

The main activities of the advisers who provide intrafund advice includes providing both general and personal advice (limited to intra fund advice topics) to members only, along with completing all training as set by their employer/licensee and Continuing Professional Development Standard requirements as set by FASEA.

CareSuper does not separately report on business costs of the financial planners for shared business services such as marketing, administrative support services, compliance oversight, overheads or other regulatory oversight.

Not all members avail themselves of the opportunity to utilise intra fund advice as part of their membership, but it is available to members and promoted to all members in correspondence and including via our website.

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**CARE**

**CARE99QW:** Do you allow members to use their funds to pay for:

- a. Financial advice?
- b. Internal financial advisers?
- c. External financial advisers?

**Answer:**

- a. Yes.
- b. Yes.
- c. Yes.

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**CARE**

**CARE100QW:** Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?

**Answer:** No.