

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

**IOOF21QON:** You said there had been simplification over a six-year time frame. Could we get clarity. Dr Leigh asked for information from the date the royal commission report was handed down until today. But you said if you go back six years there was simplification. Could we get some clarity around the trend over that six-year time frame as well as the time frame that the deputy chair asked?

**Answer:** IOOF has been pursuing a strategy of simplification for several years. In particular, we have reduced the number of products on our platforms (super, pensions and Investor Directed Portfolio Services (IDPS)). The table below illustrates that IOOF's platform offering has grown through acquisitions and growth opportunities but has subsequently reduced through simplification initiatives.

IOOF platform simplification	
Number of products (2009)	34
Acquired products	58
Terminated/rationalised products	47
Developed products	38
Current number of products (2019)	83
Current number of unique products (2019)	50
Anticipated number of products (2021)	24 <sup>1</sup>

Of the products on our platforms, 33 of the 83 are badges or sub-plans; that is, the same product under a different name (this is typically requested by large dealer groups or large corporate plans (employer) for branding reasons). As such, the actual number of unique products is even lower at 50.

IOOF has undertaken a range of other simplification initiatives, including:

- transition of 21 Plan B products to other IOOF products (2014)
- MySuper accrued default amount transition and intra-fund transfer of two corporate (employer) products (2015)
- transition of The Portfolio Service suite (six different products) of products to other IOOF products (2016)
- transition of Kingston Superannuation super and pension products to other IOOF products (2017)

In 2013 IOOF had four separate Registerable Superannuation Entities (IOOF Investment Management Limited (IIML), Questor Financial Services Limited, Plan B Trustees Limited and Australian Executor Trustees Limited). Through a series of Successor Fund Transfers (SFTs) and other actions, we have consolidated these into one (IIML).

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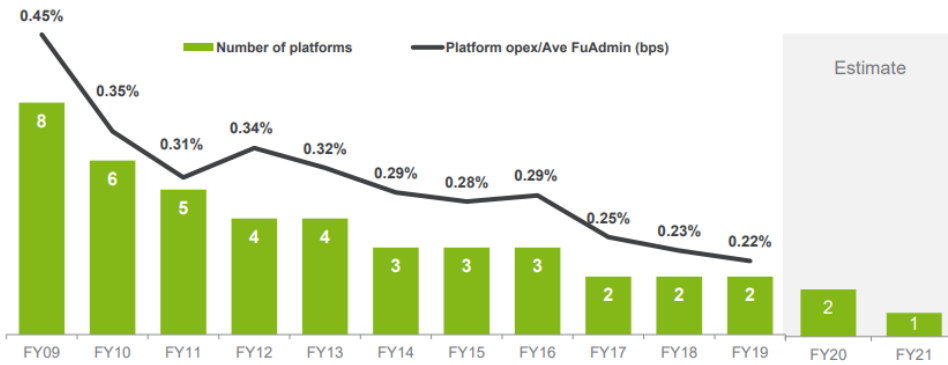
<sup>1</sup> Based on current plans, and subject to successful execution or further acquisitions.

Project Evolve is a current IOOF project designed to further simplify IOOF's platform (see diagram below). This project involves rationalising IOOF's two proprietary platform administration systems into a single administration system, as well as transitioning legacy products to more modern offerings that provide better member outcomes through contemporary technology, improved functionality and value. We expect this programme of work to be completed by the end of 2021.

## Transforming through simplification



Executing on known simplification path



- › Simplification to single platform – expected to deliver approx. \$10m p.a. in recurring cost savings post completion
- › Contemporary technology, functionality and price
- › Creation of modern, flexible, single operating admin system
- › Leading service delivery and cost to serve