

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR

MTAA Super

MTAA96QW

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?*

20 February 2020 and \$13.93bn

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

23 March 2020 and \$11.46bn

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

22 business days

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

\$2.47bn

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

17.7%

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?*

0 days

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?*

96 business days

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

Approximately \$67.2m was redeemed from the Fund over this period.

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?*

There were no exits or redemptions from the Fund by trustees during the period

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?*

There were no exits or redemptions from the Fund by executive employees during the period

- 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?*

There were no exits or redemptions from the Fund by other employees during the period

- 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?*

The Trustee has a Conflicts Management Framework. Information around the Trustee's framework has already been provided at MTAA26QW (h) and (i).

The Trustee also has an Insider Trading Policy. All Directors, executives and employees are required to attest to compliance with the policy and disclose any applicable transactions on a quarterly basis. Monitoring of transactions is also undertaken.

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MTAA Super

MTAA97QW

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

- a. *How many do you employ (or are you paying for through outsourced arrangements)?*

The Fund pays for two outsourced non-intrafund advisers.

- b. *What is the revenue generated from these non-intrafund advisers?*

The availability of the outsourced service represents an administration expense and where a member pays for the advice, the amount is rebated to the fund against this expenditure. It is not designed as a revenue generating business.

- c. *How many financial advisers within the fund also provide intrafund advice?*

MTAA Super currently has one part time and ten full time Superannuation Advisors who provide intrafund advice only.

- d. *If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?*

There are no non-intrafund advisers within MTAA Super.

- e. *Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?*

Not applicable- see MTAA97QW(d).

- f. *Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?*

Not applicable- see MTAA97QW(d).

- g. *What is the total budgeted cost and actuals for financial advisers?*

The cost of providing the outsourced comprehensive advice service to members is approximately \$450,000 to \$510,000 pa. Intrafund advice forms part of Call Centre activity, along with the MTAA Super 'Superannuation Advisors' outlined in MTAA97QW(c). The cost of the Advisors forms part of the Field Force Expenses identified in Note 8 of the financial statements. Fund financial statements are available at this link.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

- h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?*
- xi. What is the aggregated cost of their remuneration?*
 - xii. What is the aggregated cost for their employment?*
 - xiii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?*
 - xiv. What is the aggregated cost for marketing their services?*
 - xv. What is the aggregated cost for administrative support services?*
 - xvi. What is the aggregated cost for professional insurance and indemnity?*
 - xvii. What is the aggregated cost for compliance oversight?*
 - xviii. What is the aggregated cost for legal oversight?*
 - xix. What is the aggregated cost for other regulatory oversight?*
 - xx. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?*

MTAA Super does not employ non-intrafund advisers. The costs are as outlined in MTAA97QW(g). A breakdown of outsourced remuneration and other costs is not available.

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MTAA98QW

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?
- i. Within your fund, is there any cross-subsidisation for intrafund advice services?

Answer

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)?*

MTAA Super employs 11 Superannuation Advisors who provide intrafund advice (see MTAA97QW (c)). This service has been provided since 2018. Phone and online based intrafund advice are provided through an outsourced arrangement.

- 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?*

Superannuation Advisors are covered by the MTAA Super Enterprise Agreement 2018 – 2021 and sit at Level 4 (per Page 12). A copy of the agreement is at the following link.

<https://www.fwc.gov.au/document/agreement/AE500780>

The cost of the Advisors forms a part of the Field Force Expenses identified in Note 8 of the financial statements.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

- c. *What is the revenue that intrafund advisers have generated?*

No fees are charged for intrafund advice and no revenue generated.

d. *How many financial advisers providing intrafund advice also provide it within the fund?*

None.

e. *If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?*

None of the external fund advisers provide intrafund advice.

f. *Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?*

No.

g. *What is the total budgeted cost and actuals for the intrafund advice unit?*

The cost of the Advisors forms a part of the Field Force Expenses identified in Note 8 of the financial statements.

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Licence costs and the costs of the phone and online based intrafund advice are accessed through an outsourced arrangement.

h. *What is the revenue generated from these financial advisers?*

No fees are charged for intrafund advice and no revenue generated.

i. *Within your fund, is there any cross-subsidisation for intrafund advice services?*

No.

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MTAA Super

MTAA99QW

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

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

Answer

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

- a. *Financial advice?*

Members may use their funds to pay financial advice where the advice services have a direct, reasonable, and transparent connection to their retirement needs and meet the sole purpose test.

- b. *Internal financial advisers?*

There are no non-intrafund advisers within the fund. There are no specific fees for intrafund advice.

- c. *External financial advisers?*

There are no specific fees for intrafund advice.
Members may use their funds to pay where the advice services have a direct, reasonable, and transparent connection to their retirement needs and meet the sole purpose test



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MTAA100QW

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

Answer

No.

