

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Mercer Australia

MER153QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL operates a fully outsourced model and does not undertake any advertising campaigns. Some of MSAL's internal service providers may, as part of their broader business development and marketing activities for the broader enterprise, undertake advertising campaigns. There are no separately identifiable costs paid by MSAL for such activities.

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Mercer Australia

MER154QW:

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:

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MSAL operates a fully outsourced model and does not undertake any advertising campaigns. Some of MSAL's internal service providers may, as part of their broader business development and marketing activities for the broader enterprise, undertake advertising campaigns. There are no separately identifiable costs paid by MSAL for such activities.

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Mercer Australia

MER155QW:

Please complete the table for the last five financial years outlining your financial contribution to Industry Super Australia.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Contribution (\$)					

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL has not made a financial contribution to Industry Super Australia in the last five financial years.

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Mercer Australia

MER156QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

The vast majority of assets in the Mercer Super Trust are invested in the Mercer Multi-Manager Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets.

These types of investments are permissible under the overarching investment policy statement for the Mercer Super Trust (MST). For each MST investment option, the eligibility of these types of investments would be dependent on the parameters defined within the respective disclosure documents and constitution for each investment option.

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Mercer Australia

MER157QW:

What data do you have on the home ownership rates of fund members?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not collect or hold data on the home ownership rates of fund members. MSAL collects only information from members that is necessary for the activities and functions it undertakes as trustee of the Mercer Super Trust.

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Mercer Australia

MER158QW:

Have you ever:

- a. completed *internal* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?
- b. commissioned *external* research that includes retirement outcomes for fund members who own their own home in retirement, compared to those who do not?

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL has never commissioned internal or external research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not.

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Mercer Australia

MER159QW:

For the last five financial years, please complete the table for the average return on all your investments:

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Average Return %					

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust. The Mercer Super Trust is MSAL's flagship offering, with \$25 billion of assets under management and over 262,000 members as at 31 December 2020.

As the investment menu for Mercer Super Trust consists of more than 30 separate investment options the information below is based on the investment option in the main product offering with the highest assets under management as at 30 June 2020 – being the Mercer Growth investment option.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Average Return %	2.07%	9.34%	9.19%	7.47%	-0.93%

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Mercer Australia

MER160QW:

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.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Nominal Value (\$)					
Share of Portfolio (%)					
Average Return (%)					

Answer:

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The vast majority of assets in the Mercer Super Trust are invested in the Mercer Managed Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets.

The Mercer Super Trust (MST) does not directly hold any investment in these property types. Rather exposure to these property types would be via the MST's investment in underlying MMFs. The MMFs do not typically report holdings or returns specific to these types of assets. However, we estimate that a typical diversified investment option in the MST (e.g. Mercer Growth) would have less than 1% exposure to residential property holdings via its investment in the underlying Mercer Global Listed Property Fund and Mercer Passive Global Listed Property Fund.

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Mercer Australia

MER161QW:

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.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Nominal Value (\$)					
Share of Portfolio (%)					
Average Return (%)					

Answer:

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The vast majority of assets in the Mercer Super Trust are invested in the Mercer Managed Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets.

Any underlying exposure to Build-to-Rent property would be included within the residential property holdings referred to in our response to MER160QW.

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Mercer Australia

MER162QW:

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

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Nominal Value (\$)					
Share of Portfolio (%)					
Average Return (%)					

Answer:

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The vast majority of assets in the Mercer Super Trust are invested in the Mercer Managed Funds (MMFs) and the Mercer Investment Funds (MIFs) which are distributing unit trusts operated and managed by Mercer Investments (Australia) Limited (MIAL). MIAL is the responsible entity of the MMFs and the MIFs and chooses the underlying investment managers to manage the assets of the MMFs and MIFs either directly or via external investment vehicles.

The fund managers chosen by MIAL for the MMFs and MIFs are responsible for the selection of the underlying investments and management of said assets.

Any underlying exposure to social housing property would be included within the residential property holdings referred to in our response to MER160QW.

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Mercer Australia

MER163QW:

Please outline your policy on:

- a. Fund members using their superannuation fund for a deposit to buy their first home.
- b. Retirees using their superannuation to:
 - i. renovate their home
 - ii. pay rent.

Answer:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not have a policy on fund members using their superannuation fund for a deposit to buy their first home, or on retirees using their superannuation to renovate their home or pay rent. MSAL will release eligible amounts on receipt of release authorities from the Australian Taxation Office under the First Home Super Saver scheme.

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Mercer Australia

MER164QW:

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:

The information below is provided by Mercer Superannuation (Australia) Limited (MSAL) in its capacity as the Registrable Superannuation Entity licensee for the Mercer Super Trust.

MSAL does not collect or hold information on how retirees use their superannuation. MSAL collects only information from members that is necessary for the activities and functions it undertakes as trustee of the Mercer Super Trust.

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Mercer Australia

MER165QW:

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:

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- a. To the best of MSAL's knowledge and having made reasonable enquiries of MSAL's service providers in relation to the last 5 financial years, MSAL is satisfied that its service providers' processes and procedures are designed to ensure that insurance premiums are not charged to fund members unless insurance is in place. We note that:
 - Members are provided with information with respect to their insurance arrangements once cover is in place.
 - To be initially provided with cover, and thus be charged a premium, a fund member must satisfy certain eligibility and acceptance criteria.
 - Once cover has been provided, it will generally continue until the fund member reaches cover expiry age, or until one of a number of other insurance cessation events occurs.
 - From time to time inadvertent operational errors may occur. MSAL holds service providers to account to address these.
- b. To the best of MSAL's knowledge, and having made reasonable enquiries of MSAL's service providers, a specific audit to identify if insurance premiums have been deducted from fund members for insurance policies that they are not covered by has not been undertaken.

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Mercer Australia

MER166QW:

Material distributed to members

- a. Have you ever distributed materials to members that state and/or suggest that:
 - 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?
- 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?
- c. Have you ever completed an audit to establish whether you have distributed materials to members that state and/or suggest that:
 - 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?

Answer:

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- a. To the best of MSAL's knowledge, and having made reasonable enquiries of MSAL's service providers:
 - i. MSAL has not distributed materials to members that suggest and/or state that members have coverage under insurance policies that they do not have.
 - ii. The Product Disclosure Statement, and associated booklets, provided to members on joining the Mercer Super Trust, include information about minimum balance requirements. Where the minimum balance requirements have been amended members were informed of the amendments in a significant event notice.
 - iii. MSAL has not distributed materials to members that suggest and/or state that their employer may be unwilling to contribute to another superannuation fund.
 - iv. MSAL has not distributed materials to members that suggest and/or state that members require a statement of any kind from their employer to move away from the Mercer Super Trust.
- b. A specific audit of materials distributed to members that state and/or suggest that members have coverage under insurance policies that they do not have has not been undertaken by MSAL.

- c. To the best of MSAL's knowledge, and having made reasonable enquiries of MSAL's service providers, a specific audit has not been undertaken to establish whether materials distributed to members that state and/or suggest that:
- i. members are required to keep a minimum balance in their superannuation fund,
 - ii. a member's employer may be unwilling to contribute to another superannuation fund,
 - iii. members require a statement of any kind from their employer to move away from the Mercer Super Trust