

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Suncorp

Question # SC96QW

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) Approximately \$5.9bn on 20 February. This analysis excludes capital guaranteed portfolios.
- b) Approximately \$4.6bn on 23 March. This analysis excludes capital guaranteed portfolios.
- c) 23 days
- d) Approximately \$1.2bn
- e) Approximately 21% decline
- f) 0 days
- g) Not applicable. The Suncorp Master Trust does not directly hold unlisted assets.
- h) 71
- i) The directors of Suncorp Portfolio Services Limited were not members of the Suncorp Master Trust in this period so no such switches occurred. (Note, SPSL operates with 100% outsourced model, as such does not directly employ any executives)
- j) 0
- k) Eleven Suncorp Group employees switched their investments in the period.

- l) As the Suncorp Master trust does not directly hold any unlisted assets, valuations are typically based on up-to-date market information rather than being influenced by an internal re-valuation timeframe.

Notwithstanding this factor, all transacting members within the super fund are subject to the same processes for switching investments. The investment options within the Suncorp Employee Superannuation Plan (as with the majority of the other investment options offered within the Suncorp Master Trust) are forward-priced in accordance with ASICs *Regulatory Guide 94: Unit Pricing* and for any member to receive a unit price for a given effective date, their request must be received before midday on that date. The switch is finalised at the time the valuations are received for that date (typically one or two business days later) so at the time the request is submitted, the member has no way of knowing the valuation they will receive for the transaction. Switch processing cut-off times are enforced by online system logic and administrative procedures.

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Suncorp

Question # SC97QW

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:

Suncorp Portfolio Services Limited does not employ directly (or outsource) non-intrafund advice services for members of the super fund. All advisers associated with members of the super fund are external, independent financial advisers and their total remuneration, employment costs, on-costs, marketing, support, insurance, compliance oversight, legal oversight, regulatory oversight and other overheads are all costs borne by their own organisations.

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Suncorp

Question # SC98QW

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:

The Suncorp Master Trust did not fund any internal or external intrafund advice services during the period.

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Question # SC99QW

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

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

Answer:

Suncorp Portfolio Services Limited does allow members to pay for personal financial advice from their accounts within the fund. Suncorp does not presently operate a financial advice business either within or separately to the superannuation fund so all personal advice fee payments are being made to external financial planning businesses. In these instances, all advice fee payments are made to the relevant Australian Financial Services License holder, not the individual adviser.

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Question # SC100QW

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

Answer:

Suncorp Portfolio Services Limited does not offer a standalone, online facility for external advisers to separately charge existing accounts, all requests of this nature must be submitted on forms signed by both the adviser and member. Approved advisers do have access to an online portal to assist a prospective member with their application for an account within the fund which can include either an upfront or ongoing personal advice fee but all online applications supported by an adviser (whether a fee is included or not) must have the member consent to the application before it proceeds.