

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Intrust Super

IN96QW:

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.*	b.*	c.	d.^	e.	f.	h.# Switches in	Switches out
Conservative	21-02-20	20-03-20	20	502,611	-9.82%	1	769,967	(96,742)
	1.9810	1.7865					7	2
Stable	21-02-20	27-03-20	25	7,258,716	-7.18%	4	7,235,393	(3,689,226)
	2.5295	2.3479					98	55
Balanced	21-02-20	20-03-20	20	423,167,449	-15.25%	1	2,901,423	(12,570,921)
	3.8969	3.3026					45	161
Growth	14-02-20	20-03-20	25	82,855,929	-19.27%	1	1,702,017	(6,297,124)
	4.1284	3.3327					56	95
Combined Shares	21-02-20	20-03-20	20	1,454,384	-24.38%	1	-	-
	2.9392	2.2226					-	-
Cash	24-07-20	03-01-20	141	27,718,812	0.49%	55	55,268,036	(18,637,548)
	1.8136	1.8047					760	253
Bonds	06-03-20	20-03-20	10	(584,976)	-6.99%	1	3,195,192	(395,087)
	2.5161	2.3403					52	17
Property	14-02-20	24-04-20	48	8,099,682	-12.99%	22	2,573,844	(5,572,730)
	3.5447	3.0842					100	144
Australian Shares	21-02-20	20-03-20	20	22,359,032	-27.18%	1	785,779	(2,065,419)
	5.8549	4.2636					35	58
International Shares	14-02-20	20-03-20	25	12,416,979	-22.14%	1	455,165	(1,859,981)
	3.3836	2.6346					41	50

*Highest and lowest values have been represented by the unit price as the total value of the option is impacted by contributions received, claims paid, transfers to and from other superannuation funds and member switching.

^ This information is not recorded by the Fund. The answer provided is the change in the option value. However, this is impacted by contributions received, claims paid, transfers to and from other superannuation funds and member switching and will not represent the true change in nominal value.

Response expressed as total value and quantity of switches in/out for each option

- a. See table
- b. See table
- c. See table
- d. See table
- e. See table
- f. See table
- g. The All Ordinaries closed at 4564.1 23 March 2020. The lowest valuation of unlisted assets was recorded on 1 May 2020. This is 27 business days between the All Ordinaries lowest valuation.
- h. See table
- i. Nil
- j. 2 switches representing \$273,691.52
- k. 1 switch representing \$1,354,831.55
- l. Intrust Super staff, Directors and their associates must follow rules stipulated in the Intrust Super Fund Switching policy. Before a switch request is lodged, approval must be sought by the staff member/director/associate. A declaration must be made that the person seeking to switch does not possess price sensitive information which is not publicly available. Approval is provided by the CEO or Executive Manager – Finance and Business Operations. Staff switching audits are performed from time to time.

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- IN97QW:** 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. 2
- b. 2015/2016 - \$59,535
2016/2017 - \$71,045
2017/2018 - \$71,100
2018/2019 - \$71,320
2019/2020 - \$58,465
- c. 0
- d. N/A
- e. N/A
- f. N/A

g.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Budgeted Costs	\$300,000	\$300,000	\$320,000	\$340,000	\$340,000
Actual Costs	\$280,107	\$289,870	\$318,177	\$337,210	\$328,003

NOTE – this table includes budgeted cost and actuals only for financial advisers (remuneration plus super plus on-cost)

h. Remuneration range - \$117,700pa - \$129,000pa plus 12% superannuation

		2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
i	Remuneration	\$212,467	\$219,836	\$241,189	\$255,666	\$248,666
ii.*** iii. iv. vi.	Other on cost, office, marketing, insurance, legal, regulatory oversight etc (estimated at 20%)**	\$42,493	\$43,967	\$48,238	\$51,133	\$49,733
	Super	\$25,147	\$26,067	\$28,750	\$30,411	\$29,604
v.	Administration support	\$ -	\$57,000	\$58,083	\$38,487	\$40,026
vii. viii. ix.	Link Advice* (Licensing, training, systems, audit and support)	\$118,229	\$20,520	\$72,308	\$28,527	\$54,638
	Intra-fund	36,575	36,575	36,575	36,575	60,000
x.	Total	\$434,911	\$403,965	\$485,143	\$440,799	\$482,667

*Financial advice services are provided through our financial planning business "Intrust360" (the legal name being IS Financial Planning Pty Ltd) which is a wholly owned subsidiary of IS Industry Super Fund Pty Ltd. Intrust360 is a corporate authorised representative of Link Advice Pty Limited, ABN 36105811836, AFSL 258145. Link Advice (previously called Adviser Network) are engaged to provide Licensee services which include professional indemnity insurance, compliance oversight, planning systems, assurance, training, compliance and regulatory oversight.

**Some on-costs are not accounted separately to the cost centre (example office space) and have been estimated to be 20% of advisers base salaries.

***Adviser remuneration (answer to part ii) comprises of part i (remuneration) plus super.

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- IN98QW:** 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 Fund does not employ financial advisers to provide intrafund advice.

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- IN99QW:** 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, but limited to advice on superannuation only.
- b. Yes, but limited to advice on superannuation only.
- c. Yes, but limited to advice on superannuation only.

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IN100QW: Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?

Answer: No.