

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

UniSuper

- UNI121QW:** 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:

None – we did not book any ad space for 1 July 2020 to 31 December 2020 and therefore have no amount unused.

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UniSuper

- UNI122QW:** 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:

None – we did not book any ad space for 1 July 2020 to 31 December 2020 and therefore have no time unused.

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UniSuper

UNI123QW: 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:

To our knowledge, UniSuper made no financial contribution to Industry Super Australia during the last five financial years.

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UniSuper

UNI124QW: 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:

Our investment policies permit a number of our products to invest in property generally but there are no specific rules relating specifically to residential property, build to rent housing or social housing.

Investments are only permitted to be made where the proposed investment is consistent with the relevant product(s) investment strategy, investment objective and risk profile and is in the best financial interests of members.

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UniSuper

UNI125QW: What data do you have on the home ownership rates of fund members?

Answer:

We have Investment Trends – Member Sentiment & Communications survey data from 2018. Investment Trends conducts large scale syndicated industry research and we invite a representative sample of UniSuper members to participate. On a sample size of 571 UniSuper members, 41% stated they fully owned the home where they then currently lived and a further 29% stated they were paying off the mortgage of the home where they then currently lived.

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UniSuper

UNI126QW: 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 home in retirement, compared to those who do not?

Answer:

No we have not.

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UniSuper

UNI127QW: 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:

UniSuper offers various products to members and we calculate returns for all of our products, because this is what the members who invest in those products receive. Although there may be an interest in a whole of fund investment return to assess the fund's overall performance, no members are invested in every product in the same proportions of the exposures that each product represents for the whole of the fund. Therefore, no member would receive a blended rate of return for the whole of the fund. Since we believe the product specific rates of return are more relevant to more members, that is what we calculate.

The 16 Investment Options and Defined Benefit Division that UniSuper offers all have individual investment strategies that invest in various asset classes and portfolios in a manner specifically designed to target their respective investment objectives which are formulated having regard to the whole of the circumstances of the Fund including the demographic profile, needs and expectations of the membership, the net cash flows and the current and projected cash flows. This provides members with sufficient choice to select investment options which are appropriate to their circumstances.

The table below contains the FYTD returns (after fees and tax) for each of the requested periods for each accumulation Investment Option and the DBD.

Note that members of the DBD receive benefits calculated in accordance with the rules of the scheme, which are independent from the returns on the assets.

| Financial year | 2015/ 2016 | 2016/ 2017 | 2017/ 2018 | 2018/ 2019 | 2019/ 2020 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Sustainable High Growth | 3.17% | 13.09% | 10.96% | 11.07% | 6.91% |
| High Growth | 3.00% | 15.33% | 15.18% | 8.84% | 1.71% |
| Growth | 3.90% | 12.39% | 12.79% | 8.19% | 1.64% |
| Sustainable Balanced | 3.13% | 10.16% | 8.18% | 10.59% | 5.46% |
| Balanced | 5.91% | 9.60% | 10.45% | 9.88% | 0.87% |
| Conservative Balanced | 8.85% | 4.52% | 6.18% | 8.53% | 0.04% |
| Conservative | 7.57% | 3.01% | 4.70% | 6.37% | 1.59% |
| Cash | 2.03% | 1.81% | 1.66% | 1.88% | 0.97% |
| Australian Shares | 0.73% | 11.14% | 18.12% | 10.32% | -2.72% |
| International Shares | 0.86% | 18.36% | 12.26% | 9.06% | 8.12% |
| Listed Property | 19.40% | -2.97% | 9.68% | 14.48% | -16.13% |
| Australian Bonds | 6.49% | -0.37% | 2.53% | 8.71% | 3.82% |
| Australian Equity Income | 4.51% | 11.66% | 8.60% | 14.60% | -8.16% |
| Global Companies in Asia | -0.82% | 20.22% | 15.81% | 14.87% | 8.07% |
| Global Environmental Opportunities | -3.03% | 21.68% | 11.83% | 8.60% | 13.73% |

| | | | | | |
|---------------------------|--------|-------|-------|--------|--------|
| Diversified Credit Income | 2.30% | 4.18% | 1.56% | 3.35% | -0.53% |
| Defined Benefit Division | 10.79% | 6.40% | 8.89% | 13.27% | 4.78% |

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UniSuper

UNI128QW: 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:

UniSuper has not held any specific investments in residential property over the periods requested other than in two investments which primarily comprises large shopping centre assets but which do include a small incidental residential component. The returns from the residential component of the asset are not attributed separately and one of the residential developments is still under construction. Therefore, we have not provided a return for these developments

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UniSuper

UNI129QW: 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:

UniSuper has not held any specific investments in 'Build to Rent' property over the periods requested.

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UniSuper

- UNI130QW:** 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:

We assume the question is asking whether we have physical investments in social housing or any ownership interests in companies which carry on a social housing business (as opposed to debt investments). UniSuper has not made any such investments over the periods requested.

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UniSuper

UNI131QW: 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:

We assume that this question is asking whether, as a matter of public policy, the Government should change the law to allow superannuation to be used by members for the purposes referred to in the question. In this regard, we note the following.:

With regard to paragraph (a) of your question, UniSuper does not have a settled policy view in this regard. Beyond as permitted under the First Home Super Saver Scheme, it is not currently possible or proposed that Fund members are able to use their superannuation for this purpose. We note from the limited data we have, most members are homeowners who have paid out any mortgage by the time they commence drawing an income from their superannuation.

With regard to paragraph (b)(i) and (ii) of your question, UniSuper does not have a settled policy view in this regard. Once a member is permitted to access their benefit, the Fund defers to the individual member to form a view as to the most appropriate use of their superannuation. The Fund provides factual information and access to advice services to support members to understanding how superannuation can support them in their retirement.

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UniSuper

UNI132QW: 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?

| Financial year | 2015/ 2016 | 2016/ 2017 | 2017/ 2018 | 2018/ 2019 | 2019/ 2020 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Super used for renovations (%) | | | | | |
| Super used to clear mortgage (%) | | | | | |

Answer:

We do not have this data. However, based on the Investment Trends - Member Sentiment & Communications survey data from 2018 (with a sample size of 262 UniSuper retirees), we estimate that approximately 2% of retirees are focused on buying a home over the next three years and 7% of retirees are focused on paying down debts and/or becoming debt free over the next three years.

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UniSuper

UNI133QW: 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:

With regard to paragraph (a) of your question, to our knowledge, over the last five years, there are only two categories of instances which should be noted.

The first instance was in December 2019, where one of the third party employers who use UniSuper made errors and gave incorrect information to UniSuper. As a result of this third party error, a small group of members (approximately 250 members) temporarily had insurance premiums deducted incorrectly. The insurance premiums which were deducted would have been the correct amount to deduct if the third party had not made the error. When it became apparent that the third party made the error, remediation was promptly enacted. Specifically, premiums were refunded with interest and insurance cancelled in March 2020 with members appropriately informed by letter on 18 March 2020.

The second, more general, instance is where, to comply with SIS regulations, UniSuper systems are designed to trigger default cover based on the information provided by employers and members. Our disclosure identifies the circumstances when members are ineligible for cover, however when reliant on information provided by employers and members it is possible that mistakes can be made that result in members receiving cover for which they are not eligible. For example, it is a condition of UniSuper's group insurance arrangement that members who have previously been paid (or were eligible to receive) a terminal illness benefit are not eligible for insurance and this is stated in our disclosure. Where UniSuper becomes aware that such members are not eligible for the insurance they have been provided automatically, UniSuper cancels the cover and refunds all premiums with applicable interest.

With regard to paragraph (b) of your question, yes, in 2015/2016 UniSuper conducted a review to validate that insurance cover commenced and ceased in line with the insurance policies, and that insurance premiums were charged correctly. In 2017/18 UniSuper conducted a review for compliance with all insurance related rules. Additionally, UniSuper has historically monitored our database for errors of insurance cover provided to members below or above the age valid for cover. UniSuper also initiated continual database monitoring to ensure default cover is provided in accordance with the Putting Members' Interests First legislation that took effect from 1 April 2020.

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UniSuper

UNI134QW: 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:

With regard to paragraph (a)(i) of your question, refer to question UNI133QW

With regard to paragraph (a)(ii) of your question, not to our knowledge. A member can transfer their entire account balance with UniSuper to another fund. Where the member chooses to retain a portion of their account balance with UniSuper then, as permitted under regulation 6.35 of the Superannuation Industry (Supervision) Regulations 1994, the member must leave a minimum of \$6,000 in their account following the partial rollover. We would have distributed materials to the above effect.

With regard to paragraph (a)(iii) of your question, not to our knowledge.

With regard to paragraph (a)(iv) of your question, not to our knowledge.

With regard to paragraph (b) of your question, no, an audit has not been conducted for that specific purpose. UniSuper conducts a review of disclosure materials at least annually to identify if any corrections need to be made to our Product Disclosure Statements (PDS) and related documentation. To our knowledge, over the last five years, no instances have been discovered where disclosure materials have stated or suggested that insurance cover existed where it did not.

With regard to paragraph (c) of your question, we have not conducted any formal audit for these

purposes. Having regard to UniSuper's business processes during the last five years, there would be no need to conduct an audit because we do not generally distribute materials of that nature – save for basic explanations of the minimum account balance rules which are specifically permitted by the SIS Regulations (refer to our answer provided with respect to paragraph (a)(ii) of your question).