

Assessment of Rest's member outcomes



1 July 2020 - 30 June 2021



Rithe,
Rest member

Introduction



Rest's mission is to help members achieve their personal best retirement outcome.

Established in 1988, Rest is among Australia's largest super funds by membership. We use our size and expertise to deliver long-term investment performance to around 1.8 million members. For more than 30 years, Rest has been looking after hardworking Australians and their super. Around 60 per cent of our members are women, half our members are younger than 30 years old, and many work in part-time and casual jobs meaning they typically have a lower average account balance. That's why ensuring we protect members' savings is core to our investment philosophy, and we keep our fees low.

To achieve our mission, we are committed to delivering strong long-term investment returns, low fees, flexible and affordable insurance, and leading digital service and advice to help members engage with their retirement savings.

To ensure we are continuing to promote our members' best financial interests, Rest undertakes an annual review of its performance. As part of this review, Rest's products must be assessed against our objectives and compared to our peers in the market.

Our assessment for the 2020/21 Financial Year has been completed using independent third-party research to compare fees, costs and investment returns with other super funds. Internal information and analysis was used to assess other parts of Rest's overall performance. The outcome of this assessment demonstrated that Rest has successfully delivered its objectives.

Our assessment determined that in the 12 months to 30 June 2021:

- Rest continued to deliver strong long-term investment performance. The majority of our members are invested in our MySuper Core Strategy option, which is one of the top-performing investment options over 20-years¹, and passed the Your Future, Your Super performance test.
- The majority of Rest's Choice investment options also performed better than their respective industry medians over a 15-year period.
- Rest's fees are among the lowest in the superannuation industry.
- Rest provides a range of flexible and competitively priced insurance coverage to our members. Rest's insurer TAL Life Limited determined claims more than 80 per cent faster than industry standards.
- Rest's digital customer service and financial advice helped more members connect with their super and make informed decisions about their retirement savings.

The following pages provide more detail about how we performed against our objectives and peers during the 2020/21 Financial Year.

Based on our assessment, Rest has promoted the best possible outcomes for our members.

¹ SuperRatings SR50 Balanced (60-76) Index, as at 30 June 2021.

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Strong long-term investment returns

Rest has delivered strong long-term returns to members in our MySuper and Choice investment options, with most options performing well compared to our peers over longer time horizons.

MySuper performance

The majority of our members are invested in our MySuper Core Strategy option. Core Strategy is designed to grow members' retirement savings over the long term. Its objective is to achieve a return of CPI+3% per year over the long-term (rolling 10-year periods).

The COVID-19 pandemic plunged the world economy into one of its fastest and worst recessions ever in 2019/20. But by the end of 2020/21, the global economy had rebounded with a rapid recovery.

Our investments in overseas and Australian shares continued to provide the highest returns in the portfolio during the rebound. Our investments in unlisted assets in the property, agriculture and infrastructure sectors also produced solid returns during the year, while our bond holdings helped stabilise the portfolio when markets were volatile.

Performance compared to peers and level of investment risk

The Core Strategy has delivered strong long-term returns. It has exceeded its investment objective, providing top-quartile performance over 15 and 20 years.

The Core Strategy passed the inaugural APRA Annual Performance Assessment with a Performance Test metric of -0.43 per cent as at 30 June 2021.¹

During the seven-year APRA benchmark period to 30 June 2021 markets favoured investors who were prepared to take on a greater risk profile, particularly in 2018 and 2019. At Rest, we took a different investment approach, focusing our efforts on investments that would produce positive stable returns and be resilient when the market went down.

However, equity markets rallied more than we expected, particularly in higher-risk growth stocks, making this more conservative approach less effective over this period relative to our peers. Since then, as part of our ongoing investment monitoring and commitment to review and evolve our investment approach, we've repositioned our asset mix and readjusted our portfolio to accommodate shorter-term performance horizons.

Performance ²		
Period	Return	Ranking
1-year	17.17%	56/80
Rolling 3-year	6.96%	70/79
Rolling 5-year	8.06%	63/76
Rolling 7-year	7.50%	63/80
Rolling 10-year	8.41%	38/71
Rolling 15-year	7.11%	7/63
Rolling 20-year	7.70%	4/25

The level of investment risk for the Core Strategy option at 30 June 2021 was 3.50 (Medium to High), while the median for MySuper funds was 4.0 (High), meaning more than half of our peers had a higher level of risk.

We believe that superior investment performance requires a long-term focus. Reflecting this, Core Strategy is one of the top-performing investment options during the past 20 years.

¹MySuper products with a metric of -0.5 per cent or more passed the APRA Annual Performance Assessment.

²This information is as at 30 June 2021. Industry benchmark information is sourced from the *Chant West Quarterly MySuper Statistics Dashboard* and the *Chant West Member Outcome Dashboard – Super*, except for rolling 20-year performance, which is sourced from the SuperRatings SR50 Balanced (60-76) Index.

Past performance is not an indicator of future performance.



Choice performance

Rest's Choice investment options have also performed strongly over the long-term, with the majority of investment options performing above the median over a 15-year period.

Choice performance for Rest Super and Rest Corporate¹

Investment option	1-year (%)	3-years (% pa)	5-years (% pa)	7-years (% pa)	10-years (% pa)	15-years (% pa)	Rank vs peers
Capital Stable	9.1%	4.3%	4.9%	4.8%	5.6%	5.3%	18/57
Balanced	13.9%	5.9%	6.7%	6.3%	7.1%	6.1%	6/40
Diversified	19.2%	7.7%	8.7%	8.1%	8.9%	7.1%	7/64
Core Strategy	17.4%	7.2%	8.3%	7.5%	8.4%	7.1%	7/63
Sustainable Growth	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Balanced - Indexed	20.0%	n/a	n/a	n/a	n/a	n/a	n/a
High Growth	23.2%	8.9%	10.2%	9.3%	10.0%	7.7%	7/42
Shares	27.6%	10.4%	12.2%	10.7%	11.6%	8.1%	2/33
Cash	0.8%	1.3%	1.6%	1.7%	2.2%	2.9%	15/28
Bonds	0.3%	2.3%	2.3%	2.7%	4.0%	4.8%	7/13
Property	6.5%	5.5%	7.8%	8.2%	7.7%	6.9%	3/10
Australian Shares	26.0%	7.8%	10.8%	9.2%	9.8%	8.2%	2/18
Australian Shares - Indexed	26.0%	n/a	n/a	n/a	n/a	n/a	n/a
Overseas Shares	26.7%	10.7%	12.1%	10.9%	12.1%	6.9%	10/18
Overseas Shares - Indexed	25.1%	n/a	n/a	n/a	n/a	n/a	n/a

¹'n/a' means the option was not available for the whole indicated period.

¹This information is as at 30 June 2021. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Super*. Past performance is not an indicator of future performance.

Choice performance for Rest Pension¹

Investment option	1-year (%)	3-years (% pa)	5-years (% pa)	7-years (% pa)	10-years (% pa)	15-years (% pa)	Rank vs peers
Capital Stable	9.9%	4.9%	5.5%	5.3%	6.3%	6.0%	10/35
Balanced	15.2%	6.7%	7.5%	7.0%	7.9%	6.9%	4/27
Diversified	21.3%	8.8%	9.7%	8.9%	9.8%	7.9%	3/39
Core Strategy	19.7%	8.5%	9.4%	8.3%	9.4%	n/a	n/a
Sustainable Growth	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Balanced - Indexed	22.6%	n/a	n/a	n/a	n/a	n/a	n/a
High Growth	25.9%	10.2%	11.4%	10.3%	11.1%	8.5%	4/26
Shares	30.7%	12.0%	13.6%	11.7%	12.7%	8.8%	2/21
Cash	0.9%	1.6%	1.8%	2.1%	2.6%	3.5%	5/16
Bonds	0.3%	2.6%	2.7%	3.1%	4.6%	5.6%	2/7
Property	7.2%	6.0%	8.5%	9.0%	8.6%	7.6%	2/6
Australian Shares	27.9%	10.3%	12.6%	10.4%	11.1%	9.2%	1/11
Australian Shares - Indexed	29.4%	n/a	n/a	n/a	n/a	n/a	n/a
Overseas Shares	29.4%	11.7%	13.3%	11.9%	13.3%	7.6%	6/9
Overseas Shares - Indexed	27.7%	n/a	n/a	n/a	n/a	n/a	n/a

'n/a' means the option was not available for the whole indicated period.

¹This information is as at 30 June 2021. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Pension*. Past performance is not an indicator of future performance.

Low fees

Rest aims to provide members with low fees by using our scale to deliver better value.

When we review our fees, we typically consider the total costs of administration and investment fees, since these combined costs affect the return to members. Having the lowest-possible total fees is important to deliver strong long-term member outcomes.

Rest's fees in the 2020/21 Financial Year were low compared to the industry, with total fees for all MySuper and Choice products ranking below their respective industry medians.

MySuper fees

The assessment of our total fees for our MySuper products confirmed that they were among the lowest in the industry.

When assessed individually, our administration fees and investment fees each compared favourably to our peers, with both being lower than the industry median.

The table below shows how our administration fees, investment fees and combined fees compare to the rest of the MySuper market.

Rest Super and Rest Corporate ¹		
Fee type	Fee (\$) pa	Industry median (\$) pa
Administration fees	\$138.00	\$178.00
Investment fees	\$305.00	\$335.00
Total fees	\$443.00	\$532.60

Choice fees

The administration fees for both our Choice and MySuper products compare favourably to our peers. Our range of Choice investment options each have their own investment fees.

The assessment of Rest's Choice product investment fees found these were also competitive within their respective peer groups. The investment fees and costs were lower than their respective industry medians for most of our investment options, and three investment options were the lowest in their peer group, with no investment fees.

In fact, Balanced - Indexed was recognised for its value with a *Money* magazine Best of the Best Award for the second consecutive year. Balanced - Indexed won the 'Best Value Balanced Super Product' category in *Money* magazine's 2021 Awards.

Importantly, the total fees for all Choice products are below the median fees and costs for comparable Choice products.

Administration fees ²		
	Fee (\$) pa	Industry median (\$) pa
Rest Super	\$162.00	\$192.00
Rest Corporate	\$162.00	\$192.00
Rest Pension	\$138.00	\$175.00

¹This information is as at 30 June 2021. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Quarterly MySuper Statistics Dashboard*.

²Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Super* and *Chant West Member Outcome Dashboard - Pension*.

Investment fees for a \$50,000 balance

Rest Super and Rest Corporate		
Investment option	Investment Fee (\$)	Industry median (\$ pa)
Capital Stable	\$215	\$270
Balanced	\$270	\$315
Diversified	\$310	\$370
Core Strategy	\$305	\$370
Sustainable Growth	\$180	\$395
Balanced – Indexed	\$0	\$145
High Growth	\$340	\$390
Shares	\$305	\$380
Cash	\$10	\$40
Bonds	\$110	\$205
Property	\$375	\$362
Australian Shares	\$300	\$325
Australian Shares – Indexed	\$0	\$150
Overseas Shares	\$310	\$345
Overseas Shares – Indexed	\$0	\$150

Rest Pension		
Investment option	Investment Fee (\$)	Industry median (\$ pa)
Capital Stable	\$220	\$270
Balanced	\$260	\$328
Diversified	\$305	\$365
Core Strategy	\$300	\$370
Sustainable Growth	\$180	n/a
Balanced – Indexed	\$0	\$135
High Growth	\$335	\$360
Shares	\$295	\$358
Cash	\$10	\$30
Bonds	\$110	\$170
Property	\$375	\$412
Australian Shares	\$275	\$260
Australian Shares – Indexed	\$0	\$185
Overseas Shares	\$310	\$310
Overseas Shares – Indexed	\$0	\$185

This information is as at 30 June 2021. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard – Super*, *Chant West Member Outcome Dashboard – Pension*, and the *SuperRatings Sustainable Survey fee comparison*.

Affordable and flexible insurance

Rest believes that insurance is a very important part of superannuation, and we strive to use our scale to provide members with cover at the best-possible value.

Rest Super's insurance follows a life stage approach. Cover levels and premiums change at certain ages because members typically have different insurance needs as they reach different stages of life. This design supports fair and equitable premiums across Rest Super to help ensure that account balances are not being inappropriately eroded.

Rest Corporate offers tailored insurance, which allows employers to select a unique benefit design to meet the needs of their employees. The pricing for Rest Corporate is based on its own claims experience and is relative to the claims made by its members.

In 2020/21, TAL Life Limited reduced the average time taken to determine an insurance claim. Claims are now determined, on average, more than 80 per cent faster than the time frames set out in industry standards.

Average claim determinations 2020/21

Insurance	Average claim determination
Death	3 days (Industry standard: 180 days)
TPD	35 days (Industry standard: 180 days)
Income Protection	9 days (Industry standard: 60 days)

Industry standard timelines are set out in the Financial Service Council's Life Insurance Code of Practice.

Premiums

Rest delivered competitive, affordable premiums to our members in 2020/21 compared to our peers. The industry median for insurance premiums is 1.0. Overall, our insurance premiums were below this benchmark.

Insurance Premiums¹

Insurance	Product	Rest premium (% of salary)	Benchmark premium (% of salary)
Death	Rest Super	0.8	1.0
	Rest Corporate	0.8	1.0
TPD	Rest Super	0.9	1.0
	Rest Corporate	0.4	1.0
Income Protection	Rest Super	0.9	1.0
	Rest Corporate	0.6	1.0

Claims payment rates

Rest paid more than \$510 million in claims benefits to members during the 2020/21 financial year, around \$1.4 million per day.

The payment rates² were:

Death and Terminal Illness:
99% of claims were paid

TPD:
95% of claims were paid

Income Protection:
99% of claims were paid

¹Figures are as at 30 June 2021 and incorporating information from *Chant West Member Outcome Dashboard – Super*.

²Payment rates are made up of the claims that are submitted by Rest to our Insurer for assessment. These do not include claims which were not proceeded with or withdrawn.

Options, benefits and facilities

Customer service

Rest believes that outstanding digital customer service is key to helping members engage with their super earlier and more often, giving them greater opportunity to achieve their personal best retirement.

In the 2020/21 Financial Year, we had nearly one million conversations with our members either over the phone, or via our virtual agent Roger, Rest App messages or online Live Chat. This is the equivalent of more than 2,500 engagements with members per day. The Rest website received more than 23.5 million unique page views for the year, the equivalent of nearly 65,000 per day.

Supporting our members in financial difficulty due to the COVID-19 pandemic continued during 2020/21. In the second phase of the Early Release of Super scheme from 1 July to 31 December 2020, we provided around \$1.5 billion in early release payments to around 200,000 members. Ninety-seven per cent of the applications were processed in five days. Across both phases of the scheme, Rest provided around \$3.3 billion to around 330,000 members.

The Rest App

The Rest App had half a million members registered by 30 June 2021. The App is helping members engage with their super. In 2020/21, the Rest App was used around 20,000 times per day, and about 183,000 active users logged in an average of 3.3 times per month.

Financial advice

We also believe that financial advice is a critical part of superannuation.

We believe everyone can benefit from simple financial advice. Providing members with simple, accessible, and affordable advice is a valuable part of a super fund's service.

In 2020-21, Rest members had nearly 20,000 interactions with Rest Advice. The majority of these were via our digital advice tools.

Our digital advice tools were used more than 15,000 times during the year. Digital advice enables members to obtain superannuation and retirement advice at a time of their convenience, with members also able to speak with a qualified Rest financial adviser if they prefer. For those who sought advice over the phone, they reported a customer satisfaction score of 97 per cent.

Furthermore, our Advice and Education team held 400 seminars across Australia during the year, as well as more than 200 digital education sessions. More than 7,000 people attended or logged into these.

Overall size and scale

With around 1.8 million members and more than \$65 billion in funds under management as at 30 June 2021, Rest has sufficient scale to provide members with valuable, competitive products and services designed around their needs.

Rest's scale allows the fund to deliver to members:



low fees and competitive insurance premiums,



flexible products, insurance cover and investment options,



leading digital customer service and financial advice, and



access to diverse assets and investment opportunities.

Determination for the year ending 30 June 2021

The financial interests of members are being promoted by the Trustee because:

- The investment strategy, including the level of investment risk and return target, is appropriate for Rest's MySuper members, with Rest's MySuper Core Strategy being one of the top-performing investment options over 20-years (ranked 4/25 by SuperRatings). The majority of Rest's Choice investment options also performed better than median over a 15-year period and remained on track to meet or exceed their investment objectives.
- Rest passed the performance requirements under the Your Future, Your Super performance test, and delivered annual returns to members of 17.43 per cent in our Core Strategy option. Our 10-year Core Strategy performance was 8.41 per cent pa exceeding our internal objective of CPI+3% per annum.
- The insurance strategy is appropriate for members with Rest paying an average of more than \$1 million a day in insurance benefit claims to members, and Rest's insurer determining claims more than 80 per cent faster than industry standards.
- The insurance fees charged do not inappropriately erode the retirement incomes of members, with premiums rated as 1st or 2nd quartile, and generally below the industry median.
- MySuper member administration and investment fees were second quartile. Importantly total costs were first quartile for the 12 months ended 30 June 2021 and are among the lowest in the industry. Members fees and total costs for Choice options were below the industry median for almost all of Rest's Choice investment options, with three options having the lowest fees in their peer group.
- The basis for the setting of fees is appropriate for members. Rest uses member account balance and age information when determining fees and insurance pricing and benefits.
- The options, benefits and facilities offered are appropriate for members and are delivering positive member outcomes. Two key examples are the Rest App being used by almost half a million members to engage with their retirement savings, and our simple, digital advice tools used more than 15,000 times during the year.
- Operating costs are not inappropriately affecting the financial interests of members, with the internal cost per member benchmark (CPM) met at \$117 per annum.
- The continued scale of the Trustee's business operations. Rest's 2020/21 actual and forecast member base, netflow, revenue and expenses also indicate Rest will continue to operate with competitive fee position and strong scale position for members.



Rest Super & Corporate

- ☎ **1300 300 778**
Monday to Friday,
8am-10pm AEST
- ✓ **Roger** (24-seven)
- 💬 **Live Chat**
Monday to Friday, 8am-10pm
Saturday, 9am-6pm
Sunday, 10am-6pm AEST

Acumen

- ☎ **1300 305 779**
Monday to Friday,
8am-6pm AEST
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Sunday, 10am-6pm AEST

Rest Pension

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