



# Generations<sup>®</sup> Personal Super and Personal Pension

How we are helping our members

## Member Outcomes Assessment

Financial Year ending 30 June 2021

**Incorporating Generations Personal Super, Generations Personal Pension and Generations Term Allocated Pension.**

**Note: Generations Term Allocated Pension was closed to new members in 2007.**

About this document and assessments

Issued by N.M. Superannuation Proprietary Limited (NM Super) ABN 31 008 428 322 AFSL 234654 RSE L0002523 as trustee for the Wealth Personal Superannuation and Pension Fund (Wealth Fund) ABN 92 381 911 598. Generations is a registered trademark of NMMT Limited ABN 42 058 835 573.

# Introduction

AMP began offering life insurance in 1849. AMP has evolved over 170 years to now provide wealth, investment, advice and banking products and services to millions of Australians. We remain committed to helping all Australians achieve their goals, no matter how big or small.

As Trustee for Generations Personal Super and Personal Pension, NM Super acts independently from AMP and oversees \$116 billion in retirement savings across two super funds for over a million members. Our strategy is to deliver sustainable and enhanced outcomes for all members, including Generations Personal Super and Personal Pension, where your account is held. We're responsible for developing and implementing strategies to manage your super savings.

Our strategy is underpinned by five strategic pillars. These pillars drive our plans and actions to deliver outcomes to members through service, investment performance and product features.



Enhanced member outcomes & experience



Competitive product & investment performance



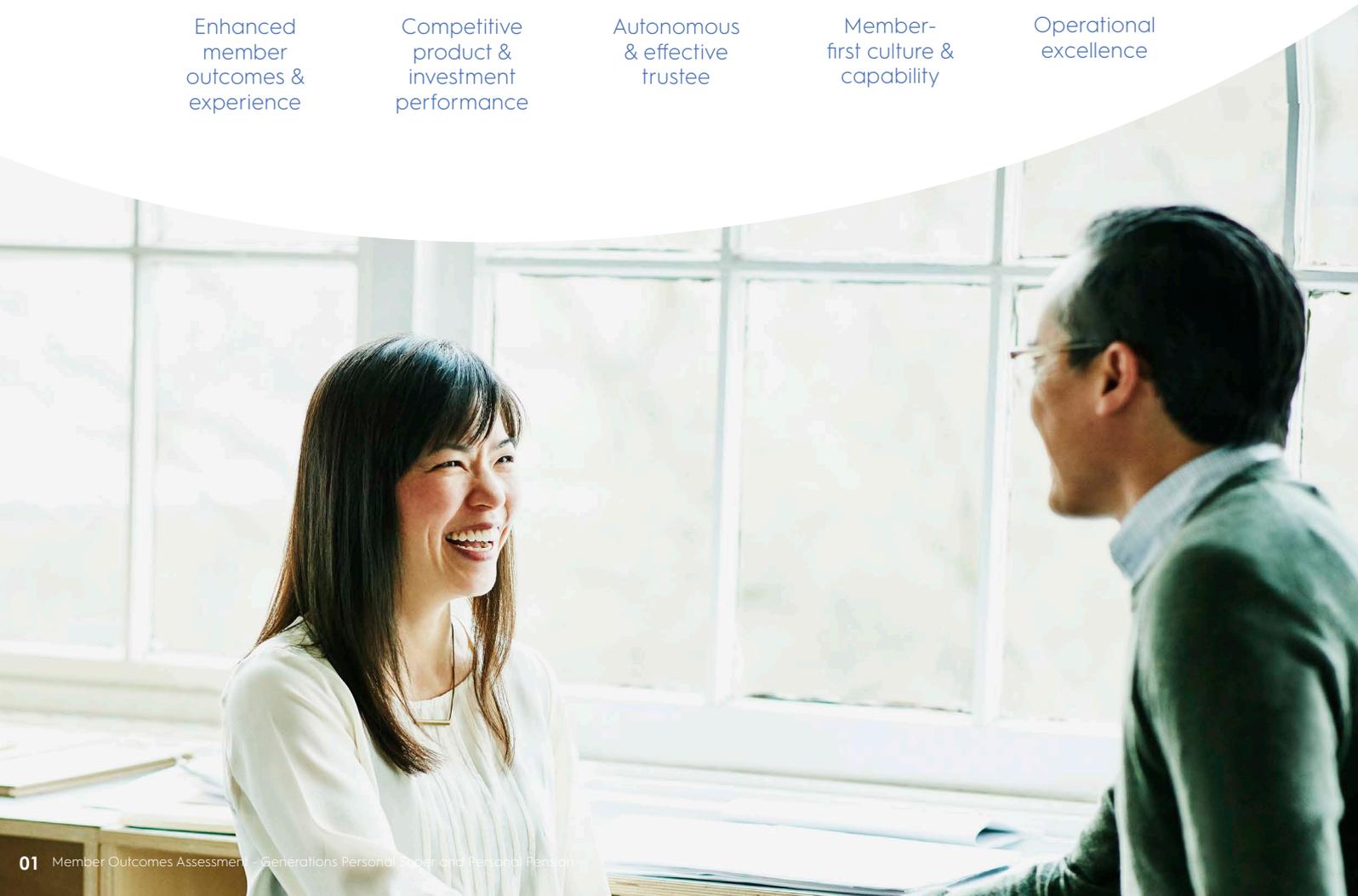
Autonomous & effective trustee



Member-first culture & capability



Operational excellence



## Generations Personal Super and Personal Pension

Generations Personal Super and Personal Pension are part of the Wealth Personal Superannuation and Pension Fund (Wealth Fund), one of Australia's largest super funds with around \$53.4 billion in member funds and over 295,000 member accounts.

Generations Personal Super and Personal Pension provides members (via their financial advisers) access to a menu of eight single manager and eight multi-manager funds. By making active investment choices, members can save and grow their super and, at the right time, convert their super savings into regular pension payments. Generations Personal Super does not offer an authorised MySuper product.

## About our assessment and determination

We looked at how Generations Personal Super and Personal Pension performed for members during the financial year ending 30 June 2021 across the following areas:



**Investment performance** including investment strategy, investment risk & net returns\*



**Fees & Costs** including the basis for setting fees & appropriateness for members



**Scale of the Wealth Fund** including operating expenses & benefits to members



**Member experience** including the options, benefits & facilities offered to members



**Insurance offering** for members including the insurance strategy & level of premiums

\* It is important to remember that past performance is not indicative of future performance.

## Summary of the assessment and determination

As Trustee for the Wealth Fund, we have determined that we are promoting the financial interests of Generations Personal Super and Personal Pension members. The reasons for this include:

- The investment strategy, risk exposure and performance are appropriate for members. The investment menu offers members 16 diversified investment choices broadly spanning the investment risk spectrum and there are appropriate investment governance processes to make sure investments are fit for purpose.
- The basis for setting fees is appropriate, however fee comparisons indicate that administration and investment fees are above median across all account balances. We are taking action to improve fees and simplify products and services.
- The scale of the Wealth Fund allows us to offer appropriate product features to members and enables us to invest in enhanced services. Despite the scale in the Wealth Fund, members in the Generations product range have traded up to other platforms. Our focus is on investing in products and services to grow and retain membership through a range of strategies.
- Member options, benefits and facilities are appropriate in terms of members' engagement, as well as the provision of digitally enabled communications. Further investment in member services is a strategic priority. Our ongoing platform and product development also supports advisers, making it more efficient to advise our members.
- The insurance available provides members with a choice of insurers and types of cover. Insurance is appropriate and in line with our insurance strategy.



## Improvements delivered to members in FY20/21

### Advice fee policy

We introduced an advice fee policy, setting out the rules for charging financial advice fees to members. We're continually monitoring financial advice fees to protect the financial interests of our members.

### Enhanced member services

We've delivered the following for our members in FY20/21:

- 94% of COVID-19 early release of super withdrawals within 5 business days.
- Improved newsletters, communications and annual statements design.
- Enhanced security and two-factor authentication for online password protection.
- Digital member services, including webchat, courtesy call backs, service centre smart call routing and straight-through processing of requests and forms.

### Governance

Strong governance is always a key priority of the Trustee Board. We have renewed the Trustee Board and Executive Management Teams. For more information see the [Wealth Fund Annual Report 2021](#).

## Improvements in FY21/22 and beyond

Our purpose, vision and five strategic pillars remain unchanged for FY21/22. Our key areas for improvement will include:

- Simplifying products and enhancing their features and benefits.
- Enhancing digital experiences with initiatives such as a new member app, a better website experience and more digital processes and communications.
- Continuing to invest in technology to lower operational costs and improve member services.
- Developing new retirement solutions, tools, education and support.





## Investments

Generations Personal Super and Personal Pension offers single and multi-sector managed funds with access to active and passive investment approaches.

### Investment strategy and governance

The investment strategy of Generations Personal Super and Personal Pension is to give members access to a range of leading Australian and international investment managers in a way that allows diversification of investments broadly across assets, assets classes and investment styles.

Our investment governance framework outlines the structures, policies and processes for managing investment options. This is supported by expert independent investment advice provided by JANA Investment Advisers. During FY20/21, by adopting an enhanced investment option due diligence process, we improved how we go about placing investment options 'on watch' and closing investment options that aren't meeting expectations.

### Risk

We monitor investment risk through the volatility or deviation from return objectives. This volatility measure or Standard Risk Measure (SRM)<sup>1</sup> is used by all super funds. Volatility indicates the tendency of returns to rise or fall in a certain period. Monitoring volatility enables our members to choose appropriate investments based on their risk tolerance combined with their investment horizon.

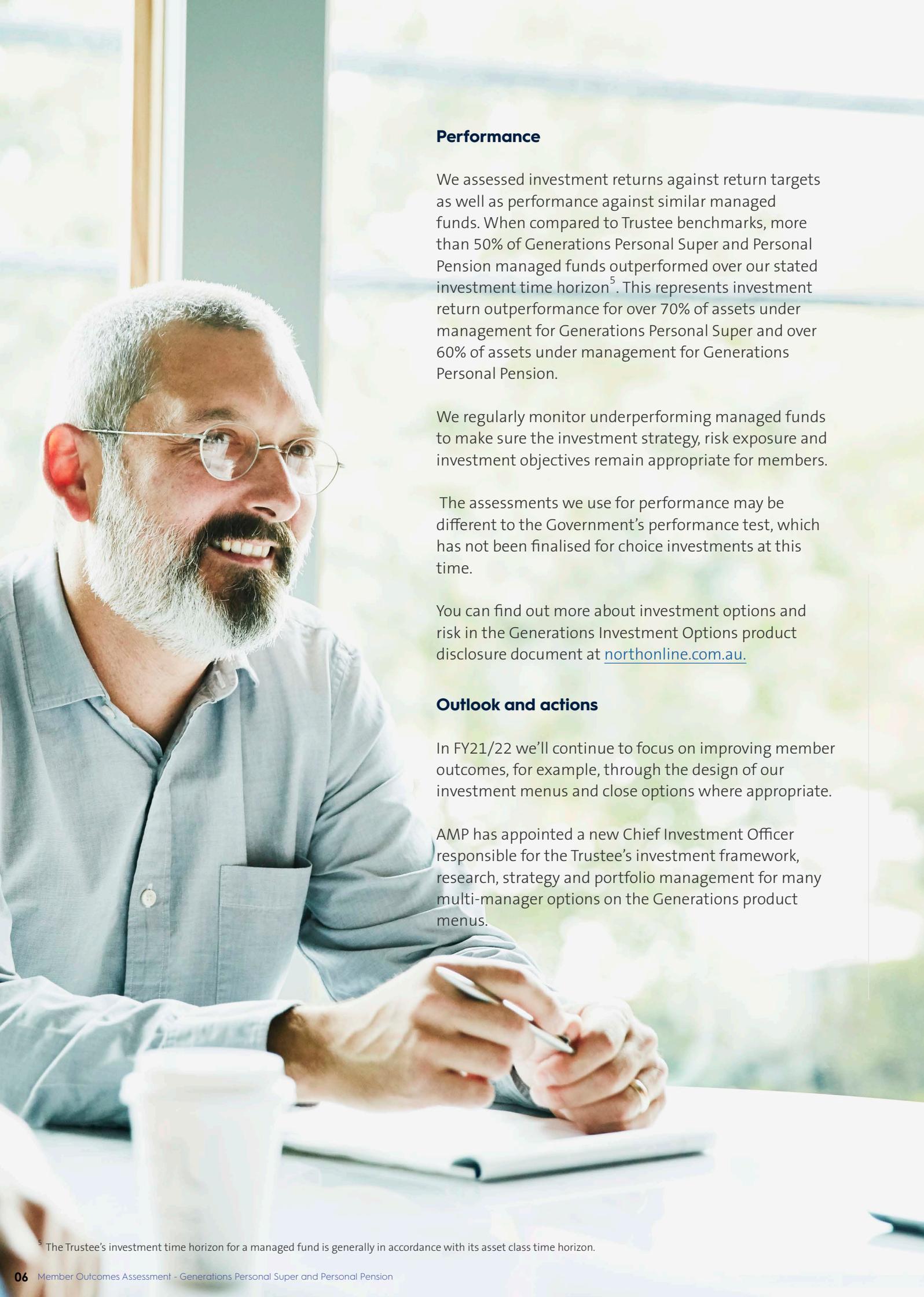
We analysed data from Morningstar<sup>2</sup> which showed most Generations Personal Super and Personal Pension managed funds experienced less volatility<sup>3</sup> than similar managed funds<sup>4</sup> during the year.

<sup>1</sup> Standard Risk Measure is an indicator based on guidance from the Australian Prudential Regulation Authority (APRA). Generation Personal Super and Personal Pension has introduced the SRM in accordance with recommendations from the Financial Services Council (FSC) and Association of Superannuation Funds of Australia (ASFA).

<sup>2</sup> Morningstar Australia (Morningstar) is a data provider to the financial services industry.

<sup>3</sup> 'Volatility' is a measure of how far investment returns move up and down over an investment time horizon.

<sup>4</sup> Morningstar group managed funds into peer group categories which can be reasonably considered to be close investment alternatives (for example, the tax treatment and legal characteristics of the managed funds are the same, or benchmarks, asset class and/or total exposures to various sectors are similar) and for which performance and other measures, such as fees, are comparable.



## Performance

We assessed investment returns against return targets as well as performance against similar managed funds. When compared to Trustee benchmarks, more than 50% of Generations Personal Super and Personal Pension managed funds outperformed over our stated investment time horizon<sup>5</sup>. This represents investment return outperformance for over 70% of assets under management for Generations Personal Super and over 60% of assets under management for Generations Personal Pension.

We regularly monitor underperforming managed funds to make sure the investment strategy, risk exposure and investment objectives remain appropriate for members.

The assessments we use for performance may be different to the Government's performance test, which has not been finalised for choice investments at this time.

You can find out more about investment options and risk in the Generations Investment Options product disclosure document at [northonline.com.au](http://northonline.com.au).

## Outlook and actions

In FY21/22 we'll continue to focus on improving member outcomes, for example, through the design of our investment menus and close options where appropriate.

AMP has appointed a new Chief Investment Officer responsible for the Trustee's investment framework, research, strategy and portfolio management for many multi-manager options on the Generations product menus.

<sup>5</sup> The Trustee's investment time horizon for a managed fund is generally in accordance with its asset class time horizon.



## Fees and costs

The fee structure of Generations Personal Super and Personal Pension comprises a bundled administration and investment management fee and a small account fee (where applicable<sup>6</sup>). Fees paid by members will depend on the investments selected, their account balance and whether insurance is attached to the account.

Generations Personal Super and Personal Pension was compared against 15 of the largest, pooled tax super products in the Australian market (due to its bundled fee structure and limited investment menu). Overall, total fees for Generations Personal Super and Personal Pension were higher than the competitor average. The average account balance on Generations Personal Super and Personal Pension is approximately \$90,000.

### Outlook and actions

Offer competitiveness, including administration and investment fees is a key focus for our future plans. Strategies to improve fees and simplify and transform products and services are being developed.



<sup>6</sup> The account fee applies on accounts below \$20,000 (but is waived for members whose account balance is greater than \$40,000 and insurance is attached to the account)



## Scale and operating expenses

### Size and fund growth

Generations Personal Super and Personal Pension is in the Wealth Fund, which ranks in the top quartile of super funds in Australia, with around \$53.4 billion in member benefits and over 295,000 member accounts. The Wealth Fund is the fifth largest super fund in Australia for pension payments, making payments of \$1.4 billion to members per annum, of which about \$22 million was paid from Generations Personal Pension over the year to 30 June 2021.

There is over \$1.7 billion in member assets and 7,400 member accounts in the Generations range of products. Over the 12 months to 30 June 2021 many Generations members have 'traded-up' to other platform offers, including to MyNorth, which is part of the Wealth Fund. Our focus is on investing in products and services to grow and retain membership through a range of strategies.

### Operating expenses

The costs of administering the Wealth Fund are key to the fees our members pay. Retaining and growing our membership is key to increasing scale, investing in services and keeping operating costs low. Our members do not directly pay for operational costs such as regulatory change, strategic investments, errors and fines. These costs are incurred by NMMT Limited (NMMT), the platform service provider to the Wealth Fund.

We conducted an independent review of platform service fees paid to NMMT during FY20/21 and they were found to be appropriate<sup>7</sup>. We're continually working with all service providers to reduce operating expenses through scale efficiencies, which have a direct impact on member fees. Overall administration operating costs are better than the industry's median<sup>8</sup>.

We currently offer nine platform product solutions across the Wealth Fund. The focus in FY21/22 and beyond will be to further simplify and enhance these offers and make the Wealth Fund more efficient to benefit members.

<sup>7</sup> Benchmarking conducted by Deloitte Australia in December 2020.

<sup>8</sup> APRA Annual Superannuation Statistics, June 2021. Released December 2021.



## Member options, benefits and facilities

### Member satisfaction, advocacy and complaints

We monitor member feedback in a number of ways, including Net Promoter Score (NPS), which measures the willingness of members to recommend a company's products or services, and complaints. We use member feedback to improve our products and services. Our scores indicate that 28% of Generations Personal Super and Personal Pension members have rated the interaction either a 9 or 10 out of 10 based on the experience they've received.

A number of our broader initiatives have prompted strong member engagement. We supported the Australian government's early release of super scheme in 2020, which enabled eligible Australians to access up to \$20,000 of their super early, if they were facing financial hardship because of COVID-19. Over 27,000 early release of super (ERS) payments valued at over \$250 million were made from the Wealth Fund<sup>9</sup>, with 94% of requests processed within 5 business days. Other community initiatives included:



AMPs launch of its *Simplifying Investing* podcast series, aimed at helping Australians build their knowledge of super and take greater control of their retirement.



Training staff on using clear language without confusing and technical jargon to make super and retirement concepts easier to understand.



Partnering with Good Shepherd to provide support services to members experiencing financial hardship.

### Service delivery through our contact centre

We aim to provide a high level of service to all our members and we faced a number of service challenges in FY20/21, receiving over 220,000 phone calls. The pressures caused by COVID-19 including remote working for our employees, challenges recruiting employees and high processing levels to deliver ERS payments in a timely manner, meant our service level didn't meet our member expectations in some areas such as call centre wait times.

We know we need to adapt to reach the service standards members expect from us. So, improving our service to members and advisers is a key imperative. We intend to invest more in our technology and our people, and identify ways of becoming more effective and flexible in a remote working environment.

<sup>9</sup> The scheme allowed members to access up to \$10,000 of their superannuation before 1 July 2020 and then another \$10,000 between 1 July and 31 December 2020.

## Platform functionality and offer improvements

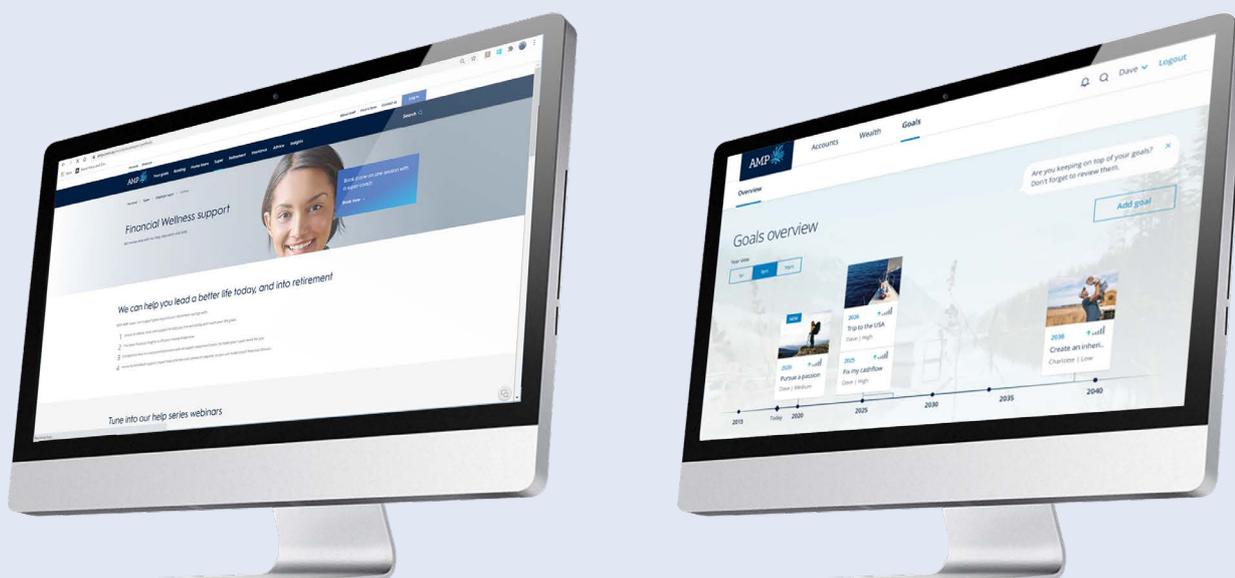
The platform offer is competitive, ranking better than average across three of four categories against 15 market-leading platforms when benchmarked independently by Investment Trends, a leading financial services research company.

Key platform and product offer improvements during FY20/21 included refreshed, more personalised annual statements, a two-factor authentication and North Online forgotten password process for additional account security on North Online.

## Financial advice

Many of our Generations Personal Super and Personal Pension members have a financial adviser relationship. In addition to financial advice provided by many independently licenced financial advisers across the nation, our members also have access to financial advice provided by AMP, one of Australia's oldest and largest financial advice networks.

In FY20/21 we implemented an advice fee policy to protect our members' balances from unnecessary fee erosion.





## Insurance

Through Generations Personal Super and Personal Pension, members can obtain insurance cover from providers such as TAL and AIA Australia. We have insurance available to members that balances cost with the level of benefits. Generations Personal Super members can choose from life, total and permanent disability (TPD) and income insurance. Generations Personal Pension members can apply for life insurance.

It's important that members' super balances aren't eroded by insurance premiums. While members with insurance have selected the type and level of insurance cover to meet their needs, usually through the help of a financial adviser, we reminded members during the year of the risks that insurance premiums may pose to retirement income streams.

We apply an insurance philosophy of fairness and empathy. Claims acceptance rates for members were better than industry averages and the time taken to assess claims was acceptable compared with industry benchmarks. Even though claims dispute levels have been higher than industry averages, members can be confident that a claim would be assessed within reasonable timeframes and the final decision would be appropriate.



# Wealth Fund and Generations Personal Super and Personal Pension

As at 30 June 2021



**\$1.7bn**

in member assets in Generations Personal Super and Personal Pension

**\$53.4bn**

Net member assets in the Wealth Fund



**Over 18,000**

member accounts in Generations Personal Super and Personal Pension

**Over 295,000**

member accounts in the Wealth Fund



**2.5% growth**

in total member assets in Generations Personal Super and Personal Pension over the year

**17% growth**

in the Wealth Fund during the year



**70%**

in accumulation

**30%**

in pension phase

**57%**

male

**43%**

female

**48**

average age



**\$1.4bn**

in retirement payments from the Wealth Fund. The fifth largest super fund in Australia for pension payments.



**\$92k**

average account balance in Generations Personal Super and Personal Pension

**\$183k**

Average account balance in the Wealth Fund



**\$81m**

in insurances claims paid to Wealth Fund members

**\$12m**

in insurance claims paid to Generations Personal Super and Personal Pension members



Access to

**16**

managed funds through Generations Personal Super and Personal Pension

## Further information

For more information about the investment objectives, fees and costs and risk associated with investing in superannuation please refer to the [Generations Personal Super and Personal Pension Product Disclosure Statement](#).

For information on the Wealth Personal Superannuation and Pension Fund, which offers the Generation Personal Super and Personal Pension plans, please refer to the [Wealth Personal Superannuation and Pension Fund Annual Report 2020/21](#).

The information provided in this Product Determination is general information only. It is not financial product advice nor is it a substitute for obtaining proper financial advice that is tailored to your personal circumstances, financial goals and needs. It's important to remember past performance is not an indicator of future performance.

All information in this Product Determination was obtained from sources the Trustee considers to be reliable, however it does not guarantee it is accurate, free of errors or complete. You shouldn't rely upon it. The Trustee doesn't accept any liability for any resulting loss or damage whatsoever to a reader or any other person.

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