



Member Outcomes Assessment 2022

**How we are promoting members
best financial interests**

**ipac iAccess[®] Super
and Pension**

Financial Year ending 30 June 2022

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. ipac iAccess is a registered trademark of ipac asset management limited ABN 22 003 257 225. Incorporating ipac iAccess Personal Super, ipac iAccess Allocated Pension and ipac iAccess Term Allocated Pension. ipac iAccess Term Allocated Pension was closed to new members in 2007. The iAccess range of products will be transferred to MyNorth in mid-2023.

Acknowledgment of country

N.M. Superannuation Proprietary Limited acknowledges all First Nations Peoples across Australia.

We recognise the Traditional Custodians of the land and value the connection to Country, waterways and sky.

We pay our respects to the Elders for their resilience, courage and wisdom; for ensuring the survival of this country's rich culture and heritage.

Our hope for the future is to unite as one people, to listen and learn from each other with respect and walk the path to reconciliation together.

Introduction

N.M. Superannuation Proprietary Limited (NM Super) is the Trustee for AMP's superannuation and retirement savings with over \$106bn in funds under management and over 1 million member accounts across two super funds, making us the 5th largest superannuation provider in Australia¹.

ipac iAccess (iAccess) Super and Allocated Pension has approximately \$1.7bn in assets and 12,000 member accounts and is part of the Wealth Personal Superannuation and Pension Fund (Wealth Fund), one of Australia's largest super funds with over \$50 billion in member funds and over 300,000 member accounts.

Transfer of iAccess to MyNorth in the first half of 2023

In 2022, we reviewed our product and service offerings in the Wealth Fund. We determined that it was in members' best financial interests for members invested in iAccess to transfer to MyNorth which has \$38bn in funds under administration. In doing so, members will benefit from increased scale, enhanced fee arrangements and product features. This transfer is expected to occur around May 2023.



¹ APRA Annual Fund Statistics as at 30 June 2022.

Making our assessment and determination

Using a range of factors, each year we are required to assess whether we are promoting the best financial interests of members and publish the assessments including comparisons.

Our assessment compares how iAccess has performed during the financial year ending 30 June 2022 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 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.

Progress made against our strategy

Product simplification

During the year we made the decision to reduce our product sets and transition members in iAccess to our flagship wrap product MyNorth. The transfer will take place in the first half of 2023 and members will benefit from improved fee arrangements and access to more product features. This transfer will also help improve scale and efficiencies, through the reduction of the number of products in the Wealth Fund.

Managed portfolios

There's been continued demand for managed portfolios in the Wealth Fund which gives members and their advisers even more ways to achieve their specific investment objectives. We've increased the range of managed portfolios available in the Fund and total assets in managed portfolios was over \$5bn at 30 June 2022.

Investment governance

Investment monitoring and governance has been strengthened to ensure outcomes are fit for purpose. This includes the termination of underperforming funds where necessary and streamlining the investment menu where there is low member investment in options. We continue to monitor investment options and our investment teams meet with Fund Managers to assess performance where trigger events have occurred.

Growing the Wealth Fund

Our cashflows have improved almost 66% compared to the prior year. This is a result of the work we are undertaking to improve our product features and showcase the benefits of the Platform to advice licensees who recommend our products to their clients. Importantly we are retaining more members through fee reductions, and we expect this to improve as we upgrade members to our MyNorth offer.

Member experiences and advice

A new member app was launched in early 2022. We also enhanced online features and functionality for advisers using the Platform. While there is still more work to do, improvements have been made to member and advice service levels.

Retirement income strategy and solution

We introduced a new retirement strategy as part of the government's Retirement Income Covenant. You can read more about the strategy [here](#). To enable the strategy, we launched a market first retirement solution that offers members the flexibility of an account-based pension and certainty of retirement income. This solution is being recognised across the industry for its innovation and design.

Governance and ESG

We're continuing to invest in our systems, processes, people and structures to ensure members retirement savings are well managed.

We also developed a new sustainability framework and strategy in early 2022, with a focus on climate change and member financial wellness. Implementation will commence from FY2022/23. For more information see the [Wealth Fund Annual Report 2022](#).



Our focus for FY22/23 and beyond

- Ensuring our investment options are competitive and meet the needs of our member segments.
- Further progressing the closure of older style products and transferring members into contemporary wrap products.
- Further investments in digital experiences including a website experience, digital processes and communications.
- Continuing to invest in technology to lower operational costs and improve member services, and
- Implementing our strategy to ensure appropriate products and services are available for those members who no longer have an active financial advice relationship.

Our assessment and determination summary

The Trustee has considered its results compared to other peer funds across key assessment factors. The Trustee has also considered the progress it has made against its strategy in making a determination. The Trustee has determined that it is promoting the financial interest of members based on the following:

Investment performance

The investment strategy, risk exposure and performance are appropriate for members. The investment menu offers members investment choice spanning the investment risk spectrum and there are investment governance processes to make sure investments are fit for purpose. Members have access to a range of solutions including Managed Portfolios and a wide range of investment options.

Fees and costs

Administration fees are above the median (more expensive) for a range of account balances on the Pathways and Investor Choice menus². Members will benefit from enhanced pricing following the transition to MyNorth.

The basis for setting fees is appropriate and based on the costs of operating the product and Wealth Fund. This includes administering the product, its range of product features and functionality and the services provided. Most members will receive enhanced pricing when they are transferred to our flagship products MyNorth Super and MyNorth Pension in the first half of 2023.

Scale of the fund

The scale of the Wealth Fund ranks in the top quartile by size with over \$50bn in assets with positive cashflows. This allows us to offer appropriate product features to members and enables us to invest in enhanced services. iAccess Super and Pension had approximately \$1.7bn in assets as at 30 June 2022.

Member experience

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 for them to provide advice services to our members. Following the transition of iAccess to MyNorth in the first half of 2023, iAccess members will have access to a broader range of investment options and features.

Insurance offer

Members are able to access insurance with a choice of two retail insurers. Insurance is appropriate and in line with our insurance strategy. Claims outcomes are appropriate.

² Assessed using Chant West Wrap Comparator tool. The analysis was completed in February 2023.



Investments

ipac iAccess Personal Super and Allocated Pension offers a wide range of investment options including single and multi-sector managed funds (with access to active, passive and socially responsible investment approaches), managed portfolios, direct shares and exchange traded funds, and term deposits. The range of investment options allows members to construct portfolios that suit their objectives with their financial adviser.

Investment strategy and governance

The investment strategy for iAccess Super and Pension is to give members access to leading Australian and international investment markets and investment managers with a range of asset allocations to accommodate varying risk appetites. We provide the flexibility to enable members to switch investment options, implement investment strategies that are tailored to their needs and create portfolios to complement their risk appetites.

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 FY21/22, we continued to improve our investment option due diligence process by increasing the frequency of investment option additions to monthly, the number of investment options placed 'on watch' and closing investment options that weren't meeting expectations.

The iAccess investment menu offers members over 350 managed funds and 20 managed portfolios. You can find out more about investment options and risk in the iAccess Investment Options document at northonline.com.au.

iAccess members and their advisers will benefit from a broader range of investment options including over 450 managed funds, guarantees, managed accounts, and retirement solutions when iAccess is transferred to MyNorth.

Risk

The iAccess investment menu spans the investment risk spectrum. We monitor investment risk through the volatility or deviation from return objectives. This volatility measure or Standard Risk Measure (SRM)³ 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 Morningstar⁴, which revealed that most of the managed funds available on iAccess are relatively less volatile than the Morningstar peer groups⁵. We found that nearly 50% of the investment options on the platform have relatively lower risk of losing money during negative volatile market conditions compared to their peers in the industry, especially for investment options in the highest risk category. Additionally, we observed that 45% of the investment options available on iAccess tend to incur lower losses than comparable investments in adverse market conditions over a 12 month period to 30 June 2022.

³ Standard Risk Measure is an indicator based on guidance from the Australian Prudential Regulation Authority (APRA). iAccess has introduced the SRM in accordance with recommendations from the Financial Services Council (FSC) and Association of Superannuation Funds of Australia (ASFA).

⁴ Morningstar Australia (Morningstar) is a data provider to the financial services industry.

⁵ Morningstar groups 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 options' performance against similar investment options, using the minimum investment time frame provided in the investment options' target market determination. When compared to Morningstar data, 49% of iAccess investment options outperformed similar investment options over the stated investment time horizon⁶. This represented investment return outperformance for over 10% of assets on iAccess Super and over 13% of assets on iAccess Pension.

We regularly monitor underperforming managed funds to make sure the investment strategy, risk exposure and investment objectives remain appropriate for members. In FY22/23 we will continue to monitor and assess investment option performance across our products investment menus.

Retirement solutions

We offer a range of solutions to help members manage the many challenges with retirement, including the risk of outliving their savings, insufficient funds or ensuring members have access to their money when it's needed.

Members have access to a range of solutions through our existing transition to retirement and account-based pension offers. Through financial advice, members can invest in options such as guarantees or income generating options based on their goals and objectives.

In July 2022 we introduced a new retirement strategy as part of the government's Retirement Income Covenant. You can read more about the strategy [here](#).

Outlook and actions

In FY22/23 we'll continue to focus on improving member outcomes by continuing to expand and review our range and quality of investment options, managed portfolios and retirement solutions.

⁶ The Trustee's investment time horizon for a managed fund is generally in accordance with its asset class time horizon.





Fees and costs

Members in iAccess Super and Pension will be transferred to our flagship products MyNorth Super and MyNorth Pension in the first half of 2023, which have one of the most competitive fee structures in the wrap platform market.

The fee structure of iAccess Super and Pension varies based on the investment menu chosen and on the members account balance. On the average account balance administration fees are above the median (more expensive) on the Investor Choice and Pathways menus when compared to a broad range of platform products in the market.

Basis for setting fees

The basis for setting fees is to meet the operating expenses of the product which includes administration of member accounts, member and advice services, product management, technology and functionality on the North Platform.

Administration fee structures

Administration fees paid by members depends on the proportion of their account value in the “**Pathways**”, “**Investor Choice**”, and “**Strategic Service**” investment menus, and on the tiered administration fee percentage applicable on each tier.

Members invested in Strategic Service investment options are not charged an administration fee.

All members invested in Pathways or Investor Choice investment options also pay a trustee fee of 0.09% pa of their account balance in these options. The trustee fee does not apply to amounts held in the cash account or to amounts invested in Strategic Service investment options.

Using the analysis from Chant West’s Wrap Comparator Tool, we compared iAccess Super and iAccess Pension administration fees, inclusive of the trustee fee, against the benchmark products reported by Chant West. We tested account balances of \$50k, \$100k to \$1 million at intervals of \$100k, \$1.2 million, \$1.5 million and \$2 million as at February 2023. We found that:

- **iAccess Super and Pension “Investor Choice”** administration fees were above median (more expensive) for all balances tested, apart from account balances of \$50k where administration fees were median for super and above median, but within 10% for pension when compared to Chant West peer products⁷.
- **iAccess Super and Pension “Pathways”** administration fees were above median (more expensive) for account balances between \$100k and \$300k. For balances between \$400k and \$2m, administration fees were mostly above median, but within 10% or within \$100 of average competitor fees when compared to Chant West peer products⁸.

⁷ iAccess Super and Pension Investor Choice administration fees have been compared to 41 and 36 peer products respectively.

⁸ iAccess Super and Pension Pathways administration fees have been compared to 9 peer products.

Investment fees

Fees paid by members for investments will depend on various factors, including the investment option selected, how actively the investment is managed and often, the balance invested. Management fees will vary between investments (even within the same asset class) and are set independently by fund managers (as product issuers). These factors, along with a member's investment objective and risk appetite, will mean that each member's overall investment fee rate will vary.

Outlook and actions

iAccess members will be transferred to MyNorth in the first half of 2023 where many members will benefit from enhanced fee and cost arrangements.



Scale and operating expenses

Size and fund growth

iAccess Super and Pension is in the Wealth Fund and has approximately \$1.7bn in funds under administration. At the end of 30 June 2022, the Wealth Fund had around \$50.4bn in assets and over 300,000 member accounts, ranking in the top 20 super funds in Australia by size. Like much of the industry, the growth of the fund was impacted by investment market volatility in 2022.

The Wealth Fund has one of the largest pension memberships in Australia with approximately 100k pension accounts and over \$25bn in assets, making over \$1.5bn in pension payments annually to retirees. Cashflows, including pension payments, are positive with \$0.8bn in the 12 months to 30 June 2022, ranking in the top quartile in the industry. In FY22/23 we are targeting further positive cashflow growth.

Over recent years the Wealth Fund has been impacted by the loss of membership and outflows in non-contemporary offers. That's why we are transferring members from iAccess to our flagship MyNorth offer where members will have access to MyNorth's market leading fee arrangements and comprehensive investment offering.

Across its two super funds, NM Super oversees \$106bn in member retirement savings. This size enables the Trustee to continually invest in product, service and investment outcomes for members through outsourced service providers, and attract and retain high quality employees, further enabling scale benefits.

Operating expenses

NM Super outsources platform administration services to NMMT Limited (NMMT), a related party of NM Super and part of the AMP Group. We continually ensure that we receive value for money regarding the services and fees that we pay. We do this through regular monitoring of service standards and benchmarking product features, fees and functionality. Importantly, through the arrangement with NMMT, our members do not directly pay for operational costs such as regulatory change, errors and fines. The costs of administering the fund are key to the fees our members pay and is driven by scale which enables us to invest in products and services and keep costs low.

Our costs as a percentage of Wealth Fund assets is 0.26%, which is slightly better than the market average⁹. We will continue to focus on reducing operating costs and ensuring members are receiving value for money services. We are committed to continually improving the services, features and functionality of our Wealth Fund products and in FY22/23 we will support further investments to improve the platform, enhancing opportunities to grow in size and scale.

⁹ Source: APRA Annual Statistics as at 30 June 2022.



Member experience

Members of iAccess have access to a range of features which are important in helping achieve better outcomes. We regularly review, monitor and compare the product features, functionality and services we provide, so that we offer leading solutions and as a result we are transitioning members in iAccess to our comprehensive MyNorth offer.

Satisfaction, advocacy and complaints

Key to offering quality products and services is measuring and monitoring feedback from our members and financial advice partners. We also measure how well our service providers are meeting performance standards to ensure members are receiving value for money services.

While we have further work to do, results on our service levels for members and advisers are improving from the impacts of COVID on resources and we'll continue to monitor and work with our service providers to achieve better outcomes.

Complaints across the Wealth Fund are higher than expected. This has also impacted our complaints resolution times and we are addressing the root cause of complaints with actions so we may improve services in a timely and effective manner.

We also measure member and adviser satisfaction to track our service transformation and to ensure we are meeting industry benchmarks.

Service delivery members and advisers

We service both members and advisers through our contact centre. This is a critical touchpoint, and in FY21/22 we handled almost 170,00 calls and over 55,000 webchat requests. Importantly, our service providers are progressing with their service transformation which is focusing on:

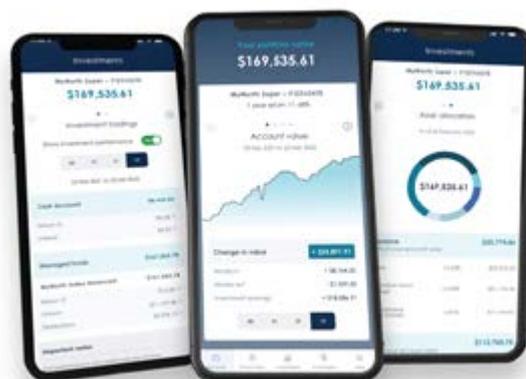
- Enhancing training for frontline teams and introducing new roles
- Investing in technology and process improvements
- Implementing new flexible ways of working for our employees
- Offering different service models for certain advice licensees.

Platform features and functionality

The Platform offer is competitive and is appropriate for our target segments. Rated against 15 market-leading platforms by Investment Trends, a leading financial services research company, throughout 2021, the Platform had strong increases in functionality scores compared to the prior year, demonstrating the improvements being made.

In FY21/22 we've implemented the following enhancements and improvements:

- Moved our services to the cloud for increased agility, security and lower costs
- A new member app to help make retirement savings more accessible
- Electronic ID verification
- Digital member consent for advice fee renewals
- Online capital gains tax estimates when selling investments
- Record of advice input data templates for advisers
- Increased the range of managed portfolios available on the Platform including equity managed portfolios.



We also offer members and their advisers a range of calculators, tools and features including fee calculators, retirement modeling, guarantee illustrations, family linking, fee caps and competitive cash rates on transaction accounts.

Financial advice

Many of our iAccess Super and Pension members have a financial adviser relationship. In addition to financial advice provided by many independently licensed 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. Increasingly, we are observing members who no longer have an active advice relationship and we are reviewing our product and service offering for these members.

Outlook and actions

In FY22/23 we will continue to focus on improving services to members and their advisers. Key to these improvements are:

- Implementing strategies to increase administration and contact centre service levels to deliver consistent quality outcomes for members and their advisers.
- Efficiently and effectively resolving complaints, including addressing root cause and speed of resolution.
- Reviewing and implementing services for members that no longer have an active ongoing advice relationship to ensure product and service arrangements are fit for purpose.



Insurance

Through iAccess Super and Pension, members can obtain insurance cover from providers such as TAL and AIA Australia. The insurance available to members, balances cost with the level of benefits. iAccess Super members can choose from Life, Total and Permanent Disability (TPD) and Income Protection (IP) insurance. iAccess Pension members can apply for Life insurance.

In 2020, the Resolution Life Australia Elevate retail insurance product was closed to new customers and a retail insurance panel was established comprising of TAL and AIA platform insurance products. TAL and AIA Australia provide competitive offers with additional benefits such as rehabilitation, wellness and adviser education programs which further strengthen their proposition.

Some iAccess members may also hold group or retail insurance cover closed to new applications. Existing members with this cover may continue to hold and amend their 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 well within industry benchmarks (and Life and IP processing times were best in industry).

While claims dispute levels for TPD and IP were higher than the industry benchmark, claims acceptance rates and processing times were better than the benchmark. We will continue to monitor disputes to ensure the right decisions are made.



Wealth Fund and iAccess

as at 30 June 2022



\$1.7bn

in member assets in iAccess Super and Allocated Pension

\$50.4bn

Net member assets in the Wealth Fund. Top quartile by size and one of the largest platforms regulated by APRA



Over 12,000

member accounts in iAccess Super and Allocated Pension

Over 300,000

member accounts in the Wealth Fund¹⁰



0.26%

Fund operating expense to assets



600

(approx) members have insurance



-\$0.3bn

Negative cashflows into iAccess Super and Pension in FY21/22

Almost \$1bn

Cashflows into the Wealth Fund in FY21/22



\$1.56bn

In retirement payments from the Wealth Fund with **\$25bn** in pension assets. The 8th largest super fund in Australia for pension payments.



350

managed funds and over 20 publicly available managed portfolios

¹⁰ Includes reopened accounts for the purposes of tax and dividend payments

\$150k

Average account balance in iAccess Super and Allocated Pension

\$160k

Average account balance in the Wealth Fund¹⁰



Fund Demographics

65%

Of accounts in accumulation phase

35%

Of accounts in pension phase

56%

male

44%

female

60

Average age

50%

Of members have saved with us for greater than 15 years

Further information

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

For information on the Wealth Personal Superannuation and Pension Fund, which offers the MyNorth Super and Pension plans, please refer to the [Wealth Personal Superannuation and Pension Fund Annual Report 2021/22](#).

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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