

# Assessment of Rest's member outcomes



1 July 2021 - 30 June 2022



Kim,  
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 1.9 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 in the retail industry, 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 2021/22 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 2022:**

- 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-years<sup>1</sup>, and passed the Australian Prudential Regulation Authority (APRA) Annual 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 and costs are among the lowest in the superannuation industry.
- Rest provides a range of flexible and competitively priced insurance coverages to our members. Through our insurance partner TAL Life limited, we had some of the fastest claims decision times in the superannuation industry, compared to the industry averages benchmarked by APRA.
- Rest's digital customer service and financial advice helped more members connect with their super and make informed decisions about their retirement savings.

Rest has a number of initiatives planned aimed at achieving continuous improvement and addressing any areas of concern identified during our annual review of our performance. These include:

- a strategic review of our total fee positioning,
- initiatives to achieve further administration, operational and investment cost efficiencies,
- a review of the investment option menu, and
- a review of the affordability and sustainability of our insurance offering.

The following pages provide more detail about how we performed against our objectives and peers during the 2021/22 Financial Year.

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

<sup>1</sup> SuperRatings SR50 Balanced (60-76) Index, as at 30 June 2022.

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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).

A challenging few months on investment markets in the second half of 2021/22, particularly due to rising inflation and Russia's invasion of Ukraine, led to a negative annual return for many super funds, including Core Strategy.

Core Strategy ended the financial year with a negative return. Despite this, Core Strategy weathered the storm relatively well compared to broader financial markets. Australian shares returned -6.78 per cent and US shares fell 10.62 per cent over the same period.<sup>1</sup>

Rest's investments in other real assets, such as property and infrastructure helped stabilise Core Strategy, and importantly, added greater protection from inflation.

## 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 APRA Annual Performance Test with a metric of -0.20 per cent as at 30 June 2022.<sup>2</sup>

During the eight-year APRA benchmark period to 30 June 2022 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 <sup>3</sup>		
Period	Return	Ranking
1-year	-2.60%	17/69
Rolling 3-year	4.07%	38/69
Rolling 5-year	5.29%	54/67
Rolling 7-year	5.75%	34/48
Rolling 10-year	8.06%	20/46
Rolling 15-year	5.91%	7/31
Rolling 20-year	7.39%	5/24

The level of investment risk for the Core Strategy option at 30 June 2022 was 3.50 (Medium to High), while the median for MySuper funds was 4.3 (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.

<sup>1</sup>Australian shares return is the S&P/ASX 300 index return, and US shares is the S&P500 index return for the 12-month period to 30 June 2022.

<sup>2</sup>MySuper products with a metric of -0.5 per cent or more passed the APRA Annual Performance Test.

<sup>3</sup>This information is as at 30 June 2022. Industry benchmark information is sourced from the *Chant West Quarterly MySuper Statistics Dashboard* and the *Chant West Member Outcomes Dashboard - Super* (1, 3 and 5 years) and the SuperRatings SR50 Balanced (60-76) Index (7, 10, 15 and 20 years).

Past performance is not an indicator of future performance.



## Choice performance

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

### Choice performance for Rest Super and Rest Corporate<sup>1</sup>

Investment option	1-year (%)	3-years (% pa)	5-years (% pa)	7-years (% pa)	10-years (% pa)	15-years (% pa)	Rank vs peers
Capital Stable	-0.3%	2.8%	3.4%	3.7%	5.1%	4.6%	15/45
Balanced	-0.9%	3.8%	4.6%	4.9%	6.7%	5.2%	5/33
Diversified	-1.6%	5.0%	6.0%	6.2%	8.6%	5.9%	5/51
Core Strategy	-2.4%	4.3%	5.5%	5.7%	8.1%	5.9%	5/50
Sustainable Growth	-6.6%	n/a	n/a	n/a	n/a	n/a	n/a
Balanced - Indexed	-7.0%	3.9%	n/a	n/a	n/a	n/a	n/a
High Growth	-2.1%	5.7%	6.9%	7.1%	9.8%	6.4%	3/42
Shares	-5.8%	5.3%	7.7%	7.6%	11.4%	6.4%	2/23
Cash	0.5%	0.9%	1.3%	1.5%	1.8%	2.6%	16/30
Bonds	-8.1%	-2.3%	-0.1%	0.6%	2.2%	3.9%	9/16
Property	16.0%	7.5%	8.5%	9.6%	8.8%	6.7%	3/12
Australian Shares	-3.5%	4.2%	7.1%	7.5%	10.0%	6.1%	3/20
Australian Shares - Indexed	-5.7%	3.5%	n/a	n/a	n/a	n/a	n/a
Overseas Shares	-8.6%	4.3%	6.8%	6.6%	11.4%	5.6%	13/21
Overseas Shares - Indexed	-6.0%	6.9%	n/a	n/a	n/a	n/a	n/a

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

<sup>1</sup>This information is as at 30 June 2022. Industry benchmark information is sourced from *Chant West Member Outcomes Dashboard - Super*. Past performance is not an indicator of future performance.

## Choice performance for Rest Pension<sup>1</sup>

Investment option	1-year (%)	3-years (% pa)	5-years (% pa)	7-years (% pa)	10-years (% pa)	15-years (% pa)	Rank vs peers
Capital Stable	0.2%	3.4%	3.9%	4.2%	5.7%	5.3%	9/35
Balanced	-0.3%	4.7%	5.3%	5.5%	7.5%	5.9%	5/27
Diversified	-0.8%	6.1%	6.9%	7.0%	9.6%	6.7%	4/37
Core Strategy	-1.5%	5.5%	6.5%	6.6%	9.1%	6.7%	4/36
Sustainable Growth	-5.8%	n/a	n/a	n/a	n/a	n/a	n/a
Balanced - Indexed	-6.2%	4.9%	n/a	n/a	n/a	n/a	n/a
High Growth	-1.2%	7.0%	8.0%	8.0%	11.0%	7.1%	2/28
Shares	-4.4%	6.9%	9.0%	8.5%	12.6%	7.1%	2/17
Cash	0.5%	1.0%	1.5%	1.7%	2.2%	3.1%	12/19
Bonds	-7.8%	-2.1%	0.2%	1.0%	2.8%	4.7%	2/10
Property	16.6%	8.0%	9.2%	10.4%	9.6%	7.4%	3/7
Australian Shares	-5.2%	5.1%	8.1%	8.2%	11.0%	6.8%	1/13
Australian Shares - Indexed	-7.5%	3.6%	n/a	n/a	n/a	n/a	n/a
Overseas Shares	-4.6%	6.6%	8.5%	7.9%	13.2%	6.5%	4/12
Overseas Shares - Indexed	-1.2%	9.5%	n/a	n/a	n/a	n/a	n/a

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

<sup>1</sup>This information is as at 30 June 2022. Industry benchmark information is sourced from *Chant West Member Outcomes Dashboard - Pension*. Past performance is not an indicator of future performance.

# Low fees and costs

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

When we review our fees and costs, 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 and costs is important to deliver strong long-term member outcomes.

Rest's fees and costs in the 2021/22 Financial Year were low compared to the industry, with total fees and costs for all MySuper and Choice products ranking below, or equal to, their respective industry medians.

## MySuper fees and costs

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

When assessed individually, our administration fees and costs and investment fees and costs 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 and costs compare to the rest of the MySuper market for the period 1 July 2021 to 30 June 2022.

### Rest Super and Rest Corporate<sup>1</sup>

Fee type	Fee (\$) pa	Industry median (\$) pa
Administration fees and costs	\$138.00	\$145.30
Investment fees and costs	\$310.00	\$360.00
Total fees and costs	\$448.00	\$515.02

## Choice fees

The administration fees and costs 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 and costs.

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

### Administration fees and costs<sup>2</sup>

Product	Fee (\$) pa	Industry median (\$) pa
Rest Super	\$151.00	\$182.00
Rest Corporate	\$151.00	\$182.00
Rest Pension	\$128.00	\$173.00

<sup>1</sup>This information is for the period 1 July 2021 to 30 June 2022. Fees are calculated on an account balance of \$50,000 and reflect the previous percentage-based administration fee of 0.12% pa, which reduced to 0.10% pa from 25 June 2022. Industry benchmark information is sourced from *Chant West Quarterly MySuper Statistics Dashboard*.

<sup>2</sup>Fees are calculated on an account balance of \$50,000 and reflect the reduced percentage-based administration fee of 0.10% pa, from 25 June 2022. Fees have been increased to include the tax benefit Rest receives on administration costs which is paid to Rest's administration reserve and used to support the administration services provided to all members of the fund. Industry benchmark information is sourced from *Chant West Member Outcomes Dashboard - Super* and *Chant West Member Outcomes Dashboard - Pension*.

## Investment fees and costs for a \$50,000 balance

Rest Super and Rest Corporate		
Investment option	Investment Fee (\$)	Industry median (\$ pa)
Capital Stable	\$205	\$260
Balanced	\$270	\$298
Diversified	\$335	\$325
Core Strategy	\$310	\$325
Sustainable Growth	\$180	\$385
Balanced - Indexed	\$0	\$145
High Growth	\$375	\$375
Shares	\$290	\$325
Cash	\$15	\$32
Bonds	\$85	\$158
Property	\$370	\$310
Australian Shares	\$275	\$240
Australian Shares - Indexed	\$0	\$180
Overseas Shares	\$305	\$260
Overseas Shares - Indexed	\$0	\$180

Rest Pension		
Investment option	Investment Fee (\$)	Industry median (\$ pa)
Capital Stable	\$205	\$268
Balanced	\$265	\$315
Diversified	\$330	\$350
Core Strategy	\$310	\$350
Sustainable Growth	\$180	\$375
Balanced - Indexed	\$0	\$130
High Growth	\$365	\$358
Shares	\$285	\$310
Cash	\$15	\$30
Bonds	\$85	\$150
Property	\$370	\$375
Australian Shares	\$270	\$260
Australian Shares - Indexed	\$0	\$180
Overseas Shares	\$305	\$260
Overseas Shares - Indexed	\$0	\$180

This information is as at 30 June 2022. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcomes Dashboard - Super* and the *Chant West Member Outcomes Dashboard - Pension*

# 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.

Through our insurance partner TAL Life limited, in 2021/22 we had some of the fastest claims decision times in the superannuation industry, compared to the industry averages benchmarked by APRA.

## Average claim decision times 2021/22<sup>1</sup>

Insurance	Average claim decision time
Death and Terminal Illness	7 days (Industry average: 30 days)
Total and Permanent Disability	97 days (Industry average: 158 days)
Income Protection	32 days (Industry average: 73 days)

## Premiums

Rest delivered competitive, affordable premiums to our members in 2021/22 compared to our peers. The industry median for insurance premiums is 1.0. Our insurance premiums were generally better than, or equivalent to, the industry median. Rest reviews insurance cover and costs annually to provide simpler, sustainability priced, affordable and easy-to-understand cover to members.

## Insurance Premiums<sup>2</sup>

Insurance	Product	Rest premium	Benchmark premium
Death and Terminal Illness	Rest Super	1.0	1.0
	Rest Corporate	0.9	1.0
Total and Permanent Disability	Rest Super	0.9	1.0
	Rest Corporate	0.5	1.0
Income Protection	Rest Super	1.2	1.0
	Rest Corporate	0.7	1.0

## Claims payment rates

During the 2021/22 financial year, we helped 11,440 members and paid out more than \$430 million in insurance benefit claims, around \$1.2 million per day.

The payment rates<sup>3</sup> were:

**Death and Terminal Illness:**  
99.5% of claims were paid

**Total and Permanent Disability:**  
91.7% of claims were paid

**Income Protection:**  
98.1% of claims were paid

<sup>1</sup>Industry averages are for the period 1 July 2021 to 30 June 2022, and taken from Life insurance claims and disputes data June 2022, APRA, 18 October 2022. This APRA data expresses industry averages in months, which have been converted to calendar days based on a month equaling 30.417 days on average.

<sup>2</sup>Figures are as at 30 June 2022 with information sourced from the *Chant West Member Outcomes Dashboard - Super*.

<sup>3</sup>Payment 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 2021/22 Financial Year, we had more than 800,000 interactions 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 2,000 interactions with members per day. The Rest website received around 26 million unique page views for the year, the equivalent of more than 70,000 per day.

## The Rest App

The Rest App had more than half a million members registered by 30 June 2022. The App is helping members engage with their super. In 2021/22, the Rest App was used around nine million times, or around 25,000 times per day. An average of 225,000 members logged into the Rest App each 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 2021/22, Rest members had more than 30,000 interactions with Rest Advice. The majority of these were via our digital advice tools.





Our digital advice tools were used more than 27,000 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 more than 400 seminars across Australia during the year, as well as nearly 200 digital education sessions. More than 9,000 people attended or logged into these.

## Overall size and scale

With around 1.9 million members and more than \$65 billion in funds under management as at 30 June 2022, 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.

## Rest's Retirement Income Strategy

Rest has developed a Retirement Income Strategy, in line with with Government's Retirement Income Covenant.

The objectives of our Retirement Income Strategy:

- Assist members approaching or in retirement to achieve their personal best retirement outcome.
- Empower members to take actions that will lead to better retirement outcomes.

Go to [rest.com.au/retirement](https://rest.com.au/retirement) for more information about our retirement strategy, and the support available to members.

# Determination for the year ending 30 June 2022

## **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 5/25 by SuperRatings). The majority of Rest's Choice investment options have 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 APRA Annual Performance Test, and delivered annual returns to members of -2.4 per cent in our Core Strategy option. Our 10-year Core Strategy performance was 8.06 per cent pa, exceeding our internal objective of CPI plus 3% pa.
- Investment and administration fees are currently competitive within the industry. Our MySuper total fees and costs were 2nd quartile for the period ending 30 June 2022. Choice option investment fees for 11 of the 15 options offered were equal to or below the industry median.
- Insurance outcomes, pricing and benefits delivered to members are competitive in the industry.
- Operating costs are not inappropriately affecting the financial interests of members, with an internal cost per member benchmark (CPM) met of \$122 per annum.
- The continued scale of the Trustee's business operations. Rest's 2021/22 actual and forecast member base, net flow, revenue and expenses also indicate Rest will continue to operate with a competitive fee position and strong scale position for members.



## Rest Super and Corporate

📞 **1300 300 778**  
Monday to Friday,  
8am-8pm 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

✔️ **Roger** (24-seven)

💬 **Live Chat**  
Monday to Friday, 8am-10pm  
Saturday, 9am-6pm  
Sunday, 10am-6pm AEST

## Rest Pension

📞 **1300 305 778**  
Monday to Friday,  
8am-6pm AEST

✔️ **Roger** (24-seven)

💬 **Live Chat**  
Monday to Friday, 8am-10pm  
Saturday, 9am-6pm  
Sunday, 10am-6pm AEST

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