


Outcomes Assessment for Financial Year 2019/2020: Bendigo SmartStart Super - Choice

As part of Bendigo Bank, we share in the same philosophies around increasing prosperity of the people and communities we serve. Through Bendigo SmartStart Super (BSSS), we want to help you prosper in retirement, by keeping our fees low and delivering strong long-term investment returns.

Bendigo SmartStart Super (BSSS) members have the option to choose from 12 choice investment options with differing risk and return profiles, as well as the MySuper investment option. These members are referred to as being invested in the Choice product. Members who don't make an investment choice will be invested in our default lifecycle investment option, Bendigo MySuper.

This Outcomes Assessment is an important review on how BSSS is delivering across areas that impact member's future retirement savings. This includes investment returns, fees and costs, insurance, benefits, and facilities (key assessment factors).

The process of this review and results of our outcomes assessment is outlined below in three parts. Firstly, we present the key data we used to compare ourselves across the key assessment factors outlined above. We then present an analysis of each of these assessment factors, followed by a final summary (determination) around whether we have met our obligations to promote the financial interest of our beneficiaries. We used the following symbols to show whether we met an objective, partially met it, or did not meet it at all.



Objective was met	
Objective was partially met	
Objective was not met	

Overall, we are pleased with the results and as Trustee have determined that our Choice product promotes the financial interests of our beneficiaries (our members). We have continued to deliver members a simple, low-cost super solution with strong investment returns and customer service.

How we compare

We used comparison data at 30 June 2020 from sources such as Chant West and Morningstar to assess how we compared against a peer group of super funds across three key factors.


Investment returns and risk

Objectives	Results
Achieve net investment returns above the industry average for all Choice investment options	
Choice investment options within their risk targets	

- All investment options exceeded the average net investment return of the industry over rolling five-year periods.

- Most investment options were within their investment risk targets. The two defensive funds (Bendigo Defensive Index and Bendigo Defensive Wholesale) slightly exceeded their risk objectives, and this is consistent with their material outperformance in the period.

Member fees

Objectives	Results
Member fees no more than the peer group average	

This objective was partially met. Fees for members invested in our index options and cash are lower than the peer group average. The fees for members invested in our actively managed options are higher than the peer group average. This is a result of higher investment costs.

Analysis of each of the assessment factors

An important part of this review is how we comply as Trustee in promoting the financial interests of our members across investment returns, risk, fees, costs, and the benefits and facilities offered.

Investment returns and risk

Our determination: The investment strategy, including the risk and return targets promotes the financial interests of members.

We considered our Choice product's investment strategies and compared the risk and returns achieved throughout each investment option (and overall) against industry/peer group averages.

We reached this conclusion based on the following:

- We exceeded our objective of having 75% of investment options meet their investment objectives, with 100% of options exceeding their investment return objectives.
- All investment options exceeded their peer average across investment returns for the rolling 5-year period.

Fees and costs

Our determination: Fees and costs charged are not inappropriately impacting the future retirement savings of members and the basis for setting fees is appropriate.

We considered our business operating costs and whether they are inappropriately affecting the financial interests of members.

We reached this conclusion based on the following:

- Administration fees were slightly lower than the comparable peer group average.
- The objective of having member fees (administration and investment) of no more than the peer group average has been met for the majority of Choice product members.
- Operating costs charged to the fund or expense reserve are less than the average of the comparable peer group, and significantly below the industry average.

Insurance

Our determination: Insurance fees charged do not inappropriately erode future retirement savings across most of our members and that they are reasonable compared to actual claims paid out.

Providing members with an appropriate level of insurance cover is an important part of helping our members prosper financially. However, we need to ensure that the cost of this cover isn't having a detrimental impact on future retirement savings.

We reached this conclusion by looking at the following factors:

Factor	Results
Cost of insurance does not have a detrimental impact on members retirement savings	<ul style="list-style-type: none"> The average premium costs are significantly lower than 10% of annual Super Guarantee contributions The average cost of our default cover is significantly less than the industry benchmark For those not regularly contributing Super Guarantee the average premium cost to balance was 0.40% which is significantly lower than our objective. The average default premium as a percentage of salary 0.38%, well below the industry target of 1%.
The claims ratio (percentage of claims paid per dollar of premium) for death and TPD insurance is within expected range	Although this is within the expected range, it is lower than the industry average due to the application of a pre-existing condition exclusion. This exclusion allows us to keep our premium costs competitive.
Our claims admittance rates for Income Protection	Above industry average, with processing times within the best quartile.

Benefits & facilities

Our Choice product is designed to be simple and cost effective. As such, our objective is to ensure that services we offer and how we engage with members is relevant and beneficial for members. This way we can continue to keep BSSS fees competitive.

Objectives	Results
Adequate level of customer service	⊖
Providing effective members' education and engagement	⊕

Of the four measures assessed around customer service only our Net Promoter Score was lower than the industry median, which we will focus on improving.

Scale

Our determination: Members are not disadvantaged by our scale.

We considered whether our size and ability to continue to attract Bendigo and Adelaide Bank customers hinders our ability to negotiate competitive fees, pool investments and risk. Our

assessment showed that we are able to offer a competitively priced product, with strong investment returns and an appropriate insurance offering.

Bendigo Choice product Trustee Determination

Our Choice product is competitively priced, with its representative member fees being no more than the peer group average. Investment options achieved net investment return objectives, with the majority meeting their investment risk objectives. Basic (yet adequate) tools and facilities are offered to members to assist with keeping costs low.

Through undertaking the member outcome comparisons and assessments and in accordance with the requirements of section 52(9) – 52(11) of the SIS Act, we as Trustee, have determined that we are promoting the financial interests of the beneficiaries in the Choice product.

The comparisons and assessments undertaken for the member outcomes assessment show that the Choice product is sustainable in terms of investment returns, insurance, fees and costs and scale.

We have balanced the comparative and assessment steps under sections 52(10A) and 52(11) of the SIS Act by considering the key factors relating to returns, investment strategy, fees, and costs. Secondary key factors relating to the appropriateness of insurance offerings including fees, and any disadvantages from scale, followed by consideration of options, benefits and facilities have also been taken into account.

Based on the comparison data and corresponding analysis of the assessment factors, we have determined that the following are appropriate to members / beneficiaries in the Choice product:

- (a) the options, benefits, and facilities offered;
- (b) the investment strategy, including the level of investment risk and the return target;
- (c) the fees and costs;
- (d) scale;
- (e) the insurance strategy; and
- (f) that insurance fees charged do not inappropriately erode the retirement income of the majority of beneficiaries.

This determination is made for the financial year to 30 June 2020.

Bendigo SmartStart Super (ABN 57 526 653 420) (the Fund) is issued by Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906 (Sandhurst) a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) ABN 11 068 049 178 AFSL 237879. Sandhurst and the Bank receive remuneration on the issue of the Fund or the service they provide, full details of which are contained in the Product Disclosure Statement. Investments in the Fund are not deposits with, guaranteed by, or liabilities of the Bank or any of its related entities. This document contains general advice only. Please consider your situation and read the PDS, available at www.bendigobank.com.au, before making an investment decision.