

MERCER SUPERANNUATION (AUSTRALIA) LIMITED

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MERCER SUPER TRUST

ABN 19 905 422 981

MINUTES OF THE ANNUAL MEMBER MEETING**HELD VIA WEBINAR****ON WEDNESDAY 9 MARCH 2022 AT 5:15 PM AEDT****ATTENDANCE AND APOLOGIES****VIDEO RECORDING: [WATCH HERE](#)**

PRESENT: Ms Jan Swinhoe - Director/Chair
Mr Jim Minto - Director
Ms Sue O'Connor - Director
Ms Pauline Vamos - Director
Mr Darren Wickham - Director

IN ATTENDANCE: Mr Tim Barber – Mercer, Head of Mercer Super
Ms Kylie Willment – Mercer, Chief Investment Officer
Mr George Sagonas – PwC, Auditor
Ms Ellen Liondis – Mercer, Company Secretary
Mr Ashnil Singh – Mercer, Company Secretary
Mr Nick Callil – Willis Tower Watson, Actuary
Mr Richard Codron - Mercer, Actuary
Mr Philip Collins – Willis Tower Watson, Actuary
Ms Jackie Downham – Willis Tower Watson, Actuary
Mr Guy Holley – Mercer, Actuary
Mr Julian Hotz – Mercer, Actuary
Mr Tim Jenkins – Mercer, Actuary
Mr Mark Nelson – Mercer, Actuary
Mr David O'Keefe – ALEA, Actuary
Mr Phil Paterson – Willis Tower Watson, Actuary
Mr Mark Samuels – Mercer, Actuary
Mr Richard Saverimuttu – Willis Tower Watson, Actuary
Ms Nerida Seccombe – Heron, Actuary
Ms Saffron Sweeney – AON, Actuary

APOLOGIES¹: Mr John Newman – PFS, Actuary

¹Unable to attend due to prior commitments. A delegate attended the meeting.

1. INTRODUCTION AND WELCOME

Mr Barber, CEO of Mercer Super, welcomed members to the Annual Member Meeting (**AMM**) for the Mercer Super Trust, including members of Virgin Money Super, Kogan Super and TAL Super (**MST**). He noted that the meeting was being recorded and that the recording would be available on the website in early April.

Mr Barber invited Tennille Parkes from Mercer to deliver the Acknowledgement of Country.

Tennille Parkes delivered the Acknowledgment of Country by video.

Before commencing the meeting proceedings, Mr Barber acknowledged current events, locally and internationally. Mercer's thoughts are with the many people affected by the devastating humanitarian impact of the Russia-Ukraine crisis, and with the people of Queensland and New South Wales affected by recent floods.

Mr Barber also acknowledged International Women's Day, which took place on 8 March 2022, and its aims. He spoke about Mercer's commitment to building a workplace where women thrive and acknowledged the female leaders participating in the AMM who are helping to drive the future of the organisation.

Meeting Format and Agenda

Mr Barber advised that the meeting agenda would be as follows:

- The Chair address from Ms Jan Swinhoe, Chair of the Trustee Board
- A fund update from Mr Barber, CEO of Mercer Super
- An investment update from Ms Kylie Willment, Chief Investment Officer
- A Q&A session where Ms Swinhoe, Ms Willment and Mr Barber would be joined by Ms Sai Ahlawat, Head of Trustee Advice Services at Mercer.

Mr Barber thanked those members who submitted questions at registration and advised that members could also submit questions live during the meeting and provided instructions on how to do this. Time constraints meant that it would not be possible to answer all of the questions asked during the meeting, however responses to all questions received would be published on the website.

2. CHAIR ADDRESS

Ms Swinhoe, the Chair, welcomed members to the meeting.

The Chair acknowledged the other Trustee Board directors present at the meeting: Jim Minto, Pauline Vamos, Sue O'Connor and Darren Wickham, along with David Bryant, CEO of Mercer Australia who attended the meeting virtually.

The Chair also welcomed Mr Barber to the Mercer Super team, noting that he brought a fresh perspective and diversity of thinking to the team.

The Chair spoke to three key focus areas:

- **Retirement readiness**

Members often ask us whether they have enough for retirement. The answer generally comes down to a member's age and their desired lifestyle in retirement. The Association of Superannuation Funds of Australia standard provides a guide. For example, the standard benchmarks the minimum annual cost of a comfortable lifestyle for a single person as \$45,962 per year, or having a super balance of \$545,000. To help members plan for retirement, Mercer has created the Retirement Income Simulator – an online tool designed to give members a better insight into their future finances, such as illustrating the power of adding extra superannuation contributions, and how long your super might last. Ms Swinhoe encouraged members to go online to check it out.

- **Your Future, Your Super reforms**

These are significant reforms that were introduced to help the superannuation industry improve efficiency, transparency and accountability. The reforms include the annual performance test where superannuation funds are measured each year against regulatory benchmarks. Mercer is pleased to confirm that the MST passed the inaugural annual performance test, and Mercer is confident that it will continue to do so. In addition to these reforms, the superannuation guarantee rate increased from 1 July 2021, with further increases towards 12% by July 2025. Mercer welcomes all of these initiatives.

- **Setting yourself up for success**

At last year's AMM, Ms Swinhoe recommended that members check their super balance and review their insurance arrangements and was pleased to note that a number of the members who registered for last year's meeting did take these valuable steps. This year the Chair highlighted the importance of having an up-to-date beneficiary nomination. The Chair encouraged members to go online and update their beneficiary nomination, or call the Helpline to ensure their beneficiary nomination is up-to-date.

3. MERCER SUPER UPDATE

Mr Barber, CEO of Mercer Super, joined Mercer in May 2021. He spoke briefly about his career prior to joining Mercer, the key reasons why he was attracted to Mercer and his role as CEO of Mercer Super. The strong customer focus of his previous role as the CEO of a member-owned retail bank aligns with Mercer Super's strong member focus. He noted that the learnings from the substantial regulatory change following the Royal Commission are also relevant to Mercer Super as the superannuation industry faces significant change.

Mr Barber commented that such change is unprecedented, that the superannuation industry is becoming increasingly competitive and facing some of the biggest regulatory reforms in its history. In this challenging environment, there is an increase in merger activity. He reflected that funds that keep members at the heart of what they do will be successful and sustainable.

Mr Barber shared some of his early observations of Mercer, highlighting two key strengths and an area for improvement:

The key strengths highlighted by Mr Barber were:

- People and capability – the talent and capability of the people at Mercer both locally and globally – Mercer has 1,600 employees in Australia and 25,000 employees operating in 130 countries. At a local level, of particular note are the investment professionals like Kylie Willment, Chief Investment Officer, and the team that manages the MST investments.
- Global reach – the global scale and reach of Mercer is a competitive advantage. Mercer manages over \$600 billion of assets worldwide and, bringing the best of its global scale, is able to access a wide range of investment options at a lower cost. This enables us to deliver outcomes that benefit members through diversification of investments and lower fees.

Mr Barber identified communicating with members as one of the key areas for Mercer to improve. Providing communications that are easy to understand and that help our members to build financial confidence are important to Mr Barber and he welcomed feedback from members on that journey.

Mr Barber spoke about how the sustainability of Mercer Super is of paramount importance and of Mercer's commitment, both globally and locally, to the superannuation and pensions sector. He spoke about what Mercer is doing to remain competitive, including highlighting:

- The reduction in headline fees in the 18 months to December 2021, with some members enjoying a reduction in fees of up to 50%, and
- The changes to our insurance offering, which allows us to provide more cover to more members.

These improvements were made possible by the fund's growth (which was close to 20% for the 12 months to December 2021) and by Mercer's global scale and buying power.

Looking ahead, Mr Barber spoke about Mercer Super's agenda for 2022, highlighting:

- Mercer's plans to invest further in enhancements to the member experience and digital technology – these themes were further addressed in the Q&A section later in the meeting, and
- Mercer's plans for achieving further fund growth. Plans include working closely with participating employers to help them deliver great benefits to attract and retain staff, and growing branding and distribution partnerships.

Mr Barber concluded by noting Mercer's commitment to being highly competitive and bringing the best of its expertise to benefit members. He reiterated his view that funds that keep members at the heart of what they do will be successful and sustainable.

4. INVESTMENT UPDATE

Ms Willment, Chief Investment Officer at Mercer, provided an overview of performance for the 2021 year, highlighting in particular:

- While the MST has 24 investment options, the focus of her presentation will be the Mercer SmartPath investment option, being the investment option with the most assets under management.

- Mercer SmartPath (**SmartPath**) is a life stages investment option, which means that Mercer automatically adjusts the level of exposure to growth assets as members age and near retirement.
- 75% of SmartPath members, typically those up to age 50, achieved a return of 16.4% in 2021, and outperformed the median performance level of all other default investment options over 1, 3, 5 and 7 years.¹
- All of the other investment options available in the MST, including those in Virgin Money Super and Kogan Super, performed well in 2021. All delivered returns well above their returns objectives, and above the returns delivered by comparable funds across the industry.

Ms Willment presented in relation to the potential market outlook for 2022 and beyond, highlighting in particular:

- The markets are feeling the impact of the unfolding Russia-Ukraine crisis.
- Direct exposure in the Mercer-managed portfolios to Russian assets is small, with exposure in a typical diversified portfolio being less than 0.5%.
- Mercer-managed portfolios will comply with all sanctions and Mercer is working closely with the underlying investment managers to understand the actions they are taking to respond to this event.
- The conflict has brought a heightened sense of uncertainty to financial markets, which were already showing signs of concern around levels of inflation and the potential knock-on impact on interest rates.
- Despite the volatility, Mercer's view is that there is no cause to panic. Mercer would characterise the market as being in a period of heightened uncertainty rather than inherent weakness.
- Mercer's general view is that reasonable returns can still be achieved but that they will be lower and more volatile than in recent times.
- Mercer manages this by building diversification into the portfolio, which means having exposure to different asset classes, countries, industries and companies. This sets up the portfolio to do well in different market conditions and generate strong performance over the timeframe of the investment options. This strategy is known as strategic asset allocation and is the single most important investment decision that Mercer makes for members. Mercer constantly assesses market conditions as part of its investment strategy and decision-making to identify where changes need to be made.

Ms Willment noted the other areas that Mercer is monitoring for members (in addition to the Russia-Ukraine crisis and inflation), including:

- Corporate earnings and strength in the corporate sector generally: as central banks remove the stimulus, growth in the corporate sector needs to take over as the main driver of markets, and
- Some of the longer term, more strategic geopolitical shifts, in particular the balance of power between East and West. Ms Willment acknowledged the geopolitical developments are difficult to predict. Nevertheless, Mercer is constantly monitoring developments and assessing the implications for investment risk and opportunities.

¹ Mercer SmartPath vs. Default Option peers after tax and investment fees to 31 December 2021. The chart presented compares SmartPath cohort (born 1974-1978) with the median of all default funds reported in the SuperRatings Default Options Survey

Ms Willment highlighted the importance of members also taking time to assess, or reassess, their risk tolerance, and speaking to their financial adviser to help work out what is best for them. The risk attitude quiz on the Mercer Super website can help members to assess their risk tolerance.

Ms Willment spoke about Mercer's commitment to sustainable investment, noting that all of the investment options available in Mercer-managed investment options have strong sustainability credentials, as evidenced with Mercer being recognised by the Responsible Investment Association of Australia as a leading responsible investment super fund. For members who wish to bring an even stronger sustainability focus to their super, the Sustainable Plus investment options may offer what they want. These options are delivering returns as strong as comparable standard options, with the Sustainable Plus Growth option generating returns that are consistently above comparable balanced fund returns.

5. QUESTION & ANSWER SESSION

Mr Barber opened the Q&A section of the meeting, noting that similar questions received during the registration process would be grouped together. Mr Barber further noted that some of the pre-submitted questions would be answered first, followed by the questions received during the meeting.

Mr Barber welcomed Ms Sai Ahlawat, Head of Trustee Advice Services to the Q&A panel.

The summary of member questions answered during the AMM is below.

Can you expand more on the investment outlook and what it means for members? Of particular interest is the level of expected returns and the Impact of the situation with Russia and Ukraine

Ms Willment provided the following answer:

- I refer back to some of the comments made earlier in the meeting, our base expectation is that returns will be lower than the returns seen in recent times and that potentially we will see more volatility.
- Cash rates are currently at an all-time low, which means that the returns generated by the defensive assets in a portfolio are low. We expect that returns will be lower as central banks start removing stimulus and equity returns normalise, while the challenging environment for cash rates and bond returns continues.
- In relation to the level of expected returns, our expectation is that they will be more in line with the investment objective for the investment options. You will find information about the investment objectives for your investment options in the Product Disclosure Statement. We are of the view that these return objectives are a more realistic expectation than the returns we have seen in recent years.
- In relation to the Russia-Ukraine crisis, Mercer does not pretend to know what the impact will be. Rather than trying to predict the impact and then position for that, at the moment we are staying broadly neutral and remaining roughly aligned with the strategic asset allocations I spoke to earlier in the meeting.
- We think it is best to hold through some of this near term volatility and not to panic. We are continuing to monitor developments closely but not necessarily making big changes in the portfolios because of it.

In light of what is happening in investment markets, how should my super be invested?

Ms Ahlawat provided the following answer:

As Kylie explained, it is important when choosing investment options that you consider your time horizon – how long before you will want to access your super and the level of risk you are comfortable with. You will find tools on the Mercer Super website to help you with this. These include the risk attitude quiz we mentioned earlier in the meeting, and Mercer e-Advice, which delivers personal advice catering to your risk appetite and time horizon.

Members can also get advice over the phone by calling our Helpline.

Because of the large amounts invested in superannuation, what do you think could be the changes that the major political parties might put forward? Do you have a view on the reforms you'd like to see?

Mr Barber provided the following answer:

It is difficult to forecast what the political parties will put forward prior to the election. My personal prediction is that no major changes will be announced before the election. Mercer has put forward its point of view on changes it recommends as realistic to improve the super system. Mr Barber handed over to Ms Swinhoe to comment on Mercer's proposals. Ms Swinhoe provided the following comments:

- In a recent paper, Mercer put forward a set of reforms to super tax concessions to make them fairer and simpler, and to reduce the gender gap.
- Rather than attempt to cover the detail in a few minutes, I will share some of the proposals with you:
 - Where possible, the existing complexity of super taxation should be reduced.
 - Taxation of superannuation should be made as efficient as possible, reducing costs to super funds, and in turn to members.
 - The taxation system for super should be simplified to make it fairer and more understandable to individuals, which would then lead to increasing confidence in superannuation and better decision making by members.
- If you are interested in more details about Mercer's proposals, a link will be provided in the minutes of the meeting [here](#).

Ms Swinhoe handed over to Ms Ahlawat to share further comments on Mercer's proposals, Ms Ahlawat provided the following answer:

- One of the aims of Mercer's proposals is to reduce the gender gap and two of the proposals aimed at addressing that include:
 - a \$4,200 government superannuation contribution be provided to all primary carers in the first year of a child's life; and
 - increasing the carry-forward period for unused non-concessional contributions from five to at least ten years.

- Together these changes would make a significant difference to closing the gap in super for those who have had to take time out of the workplace, typically women as primary carers, allowing them to catch-up on super contributions.

How do some of the recent changes, such as to the contributions rules, help members maximise their super?

Ms Ahlawat provided the following answer:

Changes from 1 July 2022 provide a great opportunity for members to grow their super and plan for their retirement. The changes include:

- Removal of the work test for people aged 67 to 74. This means that these members will no longer be required to demonstrate that they are working to make or receive certain superannuation contributions.
- The eligibility age for downsizer contributions will be lowered from age 65 to age 60.
- The \$450 monthly earnings threshold for superannuation guarantee contributions will be removed. This is especially significant for people who work part-time or on a casual basis.
- The superannuation guarantee rate will increase from 10% to 10.5%.

What was the impact of COVID on Mercer?

Mr Barber provided the following answer:

One of the major impacts was that, like all businesses, Mercer had to adapt to new ways of working, with all colleagues around the globe largely working from home. The thing that most highlighted the well-being impact for Mr Barber was when the Delta variant was prevalent in India. Mercer has large teams of colleagues in India who support Mercer members and they went through some very difficult times.

Mr Barber was impressed with the resilience and adaptability of Mercer colleagues during what was a difficult time for everyone.

What is the approach taken to sustainable investing, in particular, climate change?

Ms Willment provided the following answer:

We take a broad approach to sustainable investing and it is very much embedded in our investment process. The four main ways in which we approach sustainable investing are:

- Integration – when selecting the underlying investment managers, we look for managers who do a good job at considering ESG factors in the companies they select for their portfolios.
- Using the power of influence as an investor – either as an individual investor or as part of a broader group with commonly held views, we engage with companies, government or industry groups to influence and drive change in corporate behaviour. Where appropriate we use our voting rights at AGMs.

- Investment - meaning how we allocate capital – we look for investments that will not only generate good returns, but which have strong sustainability credentials and positive impacts on society and the environment.
- While not our preferred approach, we apply screening or exclusions in a limited number of circumstances based on Australian laws and public policy. Broad exclusions around tobacco and controversial weapons currently apply.

We consider climate change quite significantly in our investment process but recognise that there is a lot to be done in the global economy to transition to a lower carbon future. We work closely with our underlying investment managers, and often companies directly, to understand their transition strategy. Whilst divesting from all fossil fuel investments today would see a reduction in our carbon footprint today, in the longer term it will have little impact on climate change as, in reality, someone else would step in to take up this investment. By staying invested, we can use the power of influence to make change and influence companies to evolve their business model and look for new technologies to transition to a more sustainable future.

What enhancements to the member experience are you planning to make?

Mr Barber provided the following answer:

- We launched a new website for Mercer Super in February this year, completely refreshing the look and feel of the website. We have made it more user friendly and intuitive, with the design and content based on member needs. We welcome your feedback as we continue to evolve over 2022 and beyond.
- We recently launched Mercer e-Advice – a new tool to make it easier for members to access personal advice, with personal advice delivered online within 10 minutes.
- Later this year we will launch a new super-to-pension online application process, moving away from the current lengthy and complicated process that requires phone calls and paperwork.
- We will be enhancing the online join and consolidation processes to make the process simpler and more efficient.
- We are reviewing our annual statements to ensure the information is simple and easy to understand.

Can I invest in crypto in the fund? Do you invest in crypto?

Ms Willment provided the following answer:

Mercer does not invest in cryptocurrency and I do not personally invest in crypto.

We would categorise it as a highly speculative investment. While it may have a legitimate place in the economy in the longer term, it is a largely unregulated investment that carries significant risks. It offers no income and there is no way to assess or measure its real value.

We think it presents more challenges than investment opportunity at the moment and, for now, we will continue to keep a 'watching brief' on developments in this area.

You mentioned funds combining in your comments. Would Mercer ever consider merging?

Mr Barber provided the following answer:

Mercer is a global independent firm committed to being in superannuation around the world, and here in Australia, for the long haul. When we think about possible mergers we think of it in terms of others merging with Mercer.

In the right circumstances, and if the partnership was a good fit for our members and a good cultural fit in terms of people and leadership, it is something we would consider.

Ms Swinhoe suggested that Mr Barber comment on how the recent results of the APRA performance tests might affect super fund merger activity.

Mr Barber responded that there had been an increase in merger activity among those super funds identified by APRA as underperforming.

How does the investment performance of Mercer compare to other funds?

Ms Willment provided the following answer:

- As shown for the examples in my presentation, Mercer Super delivered strong competitive returns, when compared to comparable funds in the market.
- As superannuation is a long-term investment, we focus on the longer term at Mercer Super, recognising that markets can do unusual things in the short term.
- We acknowledge that in 2021 some of the investment options on the Mercer Super menu delivered returns that were lower than those delivered by comparable investment options. This is a reflection of the very strong global equity market, which delivered exceptional returns for investment options with a high allocation to global share markets.
- We take a diversified approach to investing in our portfolios. We blend in private market assets that are less susceptible to the extreme highs and lows possible in public markets, which is important for the robustness of returns.
- This diversification is important over the long term and will hold us in good stead to deliver strong returns for members.

What is the outlook for fees?

Mr Barber provided the following answer:

As I mentioned earlier in the meeting, we made significant reductions in headline fees over the last two years and are committed to continue delivering ongoing fee improvements for our members in coming years.

While it is important to be mindful of fees, they are just one component of your super and it is important that you consider your particular needs and circumstances when building your superannuation savings.

Can I access my super in the case of a serious emergency?

Ms Ahlawat provided the following answer:

To access your super you need to meet a condition of release. One of the conditions of release is reaching your preservation age, another is severe financial hardship.

If you are an allocated pension member, you can withdraw a lump sum at any time.

Call the Helpline and a Helpline Consultant will be able to assist with information on the conditions of release and guide you through the process of applying for release of your super.

Can we invest in precious metals such as gold and silver?

Ms Willment provided the following answer:

The Mercer Direct investment option allows members to invest directly in shares listed on the ASX 300 Index, and while not a direct investment in precious metals, provides members with access to companies that are strongly linked to these types of commodities. Members can also invest in Exchange Traded Funds (ETFs) through Mercer Direct, and there is an ETF available that focuses on gold.

More broadly, a well-diversified portfolio with reasonable allocations to the Australian and global share markets will have indirect exposure to commodities more generally.

Do you send a reminder when a binding death benefit nomination is about to expire?

Ms Swinhoe provided the following answer:

Yes, we do send a reminder before your binding death benefit nomination expires. If you have a binding death benefit nomination in place and cannot recall receiving a reminder, this may be because we do not have your correct contact information. You will find more information on the Mercer Super website, or call the Helpline for assistance.

What is your position on investing in China-based assets?

Ms Willment provided the following answer:

As with precious metals, any investor that has a well-diversified portfolio will have direct exposure to Chinese assets primarily through emerging market equity allocations. Emerging market equity allocations are common in Mercer's portfolios. Given China is a large global economy most investors will also have indirect exposure to Chinese assets and currently we do not have on-shore Chinese investments in our portfolios.

China is a large and fast growing economy that brings many opportunities for investments; investors should balance this with a careful risk assessment, whether from an ESG or a geopolitical lens when considering investing in China. Mercer uses skilled investment managers who are experts in this area and we rely on them to make the risk/return assessment to determine appropriate levels of exposure within the mandates that we give them.

Does Mercer invest in nuclear energy?

Ms Willment provided the following answer:

We consider nuclear energy to be investable and there will be some exposure to nuclear energy in our portfolios. Again, we rely on skilled investment managers to make the risk/return assessment to determine appropriate levels of exposure within our portfolios.

From a clean energy perspective, we also have lots of exposure to renewable energy investments through our portfolios.

Can you explain more about the “Sustainable Plus” investment options?

Ms Willment provided the following answer:

As I mentioned earlier in the presentation, all of the investment options available in Mercer Super have strong sustainable credentials, the Sustainable Plus options have a wider set of ethical criteria, in particular:

- They have a broader list of exclusions. As well as tobacco and controversial weapons, they exclude companies involved in alcohol production, carbon intensive fossil fuels, gambling and pornography.
- We appoint investment managers that integrate sustainability themes into their decision-making. They have a strong tilt towards investments that take into account the UN Sustainable Development goals and have a positive impact on society and the environment – while delivering good returns.

6. CLOSING REMARKS

Before handing over to Mr Barber to close the meeting Ms Swinhoe provided some final thoughts, including:

- Commending members on the quality of the questions received and encouraging them to continue to communicate and engage with us.
- Reminding members of the two valuable steps she recommended they take at the last AMM, in particular the importance of making changes as their life circumstances change, including keeping their binding nominations up to date as mentioned in this meeting.
- Recommending that members check the Mercer Super website for the online tools mentioned in the meeting.
- Encouraging members to give us feedback on what we can do better and enhancements we should consider.

Mr Barber thanked Mercer Super members for joining the meeting and reminded them that the information provided in the meeting is general information only and is not tailored to their individual circumstances. Members should get their own financial advice. Members who would like to be introduced to a Financial Adviser can call the Helpline. Further information is also available on the Mercer Super website.

To help us to continue to improve, Mr Barber encouraged members to provide feedback by completing the short survey that will be issued shortly after the meeting.

Mr Barber advised that a recording of the meeting would be available on the plan website in early April, together with the meeting minutes and answers to all questions received, including those that were not answered during the meeting.

MEETING CLOSE

The meeting closed at 6:28 p.m.

Issued by Mercer Superannuation (Australia) Limited, the Trustee of the Mercer Super Trust.

ANNUAL MEMBER MEETING

Additional questions from members

Members of the MST provided questions upon registration and submitted questions during the meeting. Many of the questions were answered live during the meeting, noting that in some cases questions on a similar topic were grouped together. Responses provided during the meeting are set out in the minutes.

The following sets out written responses to questions that were not addressed during the Annual Member Meeting, and do not relate to a member's particular individual circumstances. Members who raised questions relating to their individual circumstances are being contacted directly. Further, similar to the meeting Q&A panel segment where we have received a number of questions on a similar topic or theme, these may have been grouped and re-phrased into a generic question to enable a more fulsome response.

If members have additional questions, please contact us by logging into your super account and submitting a query or contacting us by phone:

Plan	Phone
Mercer Super Trust (MST)	1800 682 525 (outside Australia +61 3 8306 0900)
MST Pension members	1800 671 369
Virgin Money Super	1300 652 770
TAL Super	1300 209 088
Kogan Super	1800 517 212

Important Note

The information provided is general information and does not take into account your individual objectives, financial situation or needs. Before you act on this information you should consider whether it is appropriate to your objectives, financial situation or needs. If you are not sure, you should seek financial advice.

Covid

How has Covid affected our super fund during this financial situation?

How have we pivoted or responded to Covid?

What safety measures are in place to protect members against any economic impacts from Covid-19?

Key learnings from pandemic on offered services and its impact on 2022?

Covid had multiple impacts on the super fund. The first being our ability to continue to provide services to our members during periods of lockdown. Our administrators and other service providers were able to quickly respond and moved to a Working from Home environment. Another is the impact on investment performance, and in

particular, managing through the downturn of investment markets in the first half of 2020. Our investment team successfully managed through the crisis, in part due to the portfolio stress-testing and scenario testing done to prepare for market downturns. And, importantly supporting our members with access to their superannuation under the early release arrangements for financial hardships.

A main lesson learned from the pandemic is the benefit of being agile. Importantly, the Fund continues to enjoy the benefits of being backed by a strong global organisation as Mercer is part of the Marsh McLennan Group of companies. The Marsh McLennan Group has remained strong financially throughout the last two years, despite the global pandemic.

Ukraine/Russia conflict and investment outlook

We received many questions from members regarding the volatile situation in the Russia/Ukraine conflict and the broader impact on the investment outlook.

These questions were grouped and covered in the Kylie Willment (Chief Investment Officer) presentation and further expanded on in the Q&A panel segment, please refer to the minutes of meeting. For further developments and updates on impacts to the markets, economy and your super balance please arising from the crisis visit our website via this link [The Russia Ukraine crisis](#)

What has been done to stop investing in businesses that are connected with Russia?

Mercer Super intends to divest our remaining Russian assets. We've requested that our investment managers consider options to do so as market conditions allow.

ESG

We received many questions around Mercer's approach to Environmental, Social and Governance (ESG) investing, with a focus on considerations of climate change.

These questions were grouped and covered in the Kylie Willment (Chief Investment Officer) presentation and further expanded on in the Q&A panel segment, please refer to the minutes of meeting.

As there is clearly keen interest from members in the area of climate change, we include further insights below in addition to the response provided in the meeting.

Mercer believes that climate change poses a systemic risk, with risks and opportunities driven by:

1. The physical damages expected from an increase in average global temperatures.
2. The associated transition to a low-carbon economy.

We believe that limiting global average temperature increases this century to well below 2°C aligns with the best economic outcome for long-term diversified investors. Mercer will seek to increasingly align portfolios with this objective where it is also consistent with meeting stated investment objectives.

In early 2021, Mercer committed to achieving net zero absolute portfolio carbon emissions by 2050 for its funds, including the Mercer-managed Mercer Super Trust investment options. To achieve this, Mercer expects to reduce absolute portfolio carbon emissions by 45 per cent from 2020 baseline levels by 2030. This commitment is consistent with targeting a 1.5 degree celsius limit on global temperature increases and the Paris Agreement's ambitions.

Mercer has developed a Climate Transition Plan that is available on our website, outlining Mercer's strategy and framework for transitioning portfolios across asset classes away from 'grey' carbon intensive exposures and towards increased allocation to 'green' exposures. The Climate Transition Plan has four key implementation pillars - Integration, Active Ownership, Investing in Solutions, and Screening. The focus is on a genuine whole of economy and portfolio transition, not just emissions reduction.

To questions raised about "do we miss out on opportunities?" the short answer is, no. If anything, it is to the contrary in that we see opportunities come out of sustainable investing. Mercer believes a sustainable investment approach is more likely to create and preserve long-term investment capital and, more specifically, that ESG factors can have a material impact on long-term risk and return outcomes and these should be integrated into the investment process. For example, if we look within our unlisted infrastructure investments (which underpin some of the investment options in the MST), approximately 24% of those assets sit in renewable energy. This is because we believe they are good investments for their part in the future technology of energy and we also like them from a return generating perspective.

You will find more information on how your money is invested sustainably including investment policy, reporting and our investment approach at this link [Sustainable Superannuation](#)

To source further Mercer insights on this visit [Mercer – our thinking](#)

Who is or are the proxy advisers retained by the Mercer to advise in respect of corporate ESG compliance and how can we access information on voting recommendations made by them?

Mercer's proxy advisor is CGI Glass Lewis. Mercer's proxy voting records may be accessed via our Sustainable investing webpage and a link is provided here [Visit the Proxy Voting Search website](#)

Investments

We received several questions from members concerned about recent negative investment returns, with some noting that their super account balance had fallen in recent months. Can you please explain what's happened?

Your superannuation investment with Mercer is diversified and is intentionally invested across a range of asset classes including property, infrastructure, fixed assets, bonds and cash to smooth out the different return and risk drivers of investing across these sectors. While this investment can sometimes yield negative returns in the short-term, you can have confidence that our investment strategy is working hard to ensure your super is well positioned for long-term growth.

The majority of our members invest in the Mercer SmartPath investment option. This default option is designed to factor in changing market conditions and gradually de-risks a member's investment or asset allocation, as they move closer to retirement age.

Market volatility may prompt a member to reconsider their investment strategy and the underlying risk profile. However, switching investment options at a time when markets are low or volatile may not be in your best long-term interest. If you believe you need to review your current risk profile or are considering an investment switch, we strongly recommend you seek financial advice before taking action.

What is the outlook for the Australian dollar?

We do not make forecasts on the Australian dollar.

We take a dynamic and balanced approach to currency hedging with the Mercer Super diversified options.

On 1 April 2021 the Mercer Growth option was closed. Mercer Select growth was introduced with higher fees but is designed to deliver higher returns for a similar level of risk. Please advise if higher returns have been achieved compared to other growth options.

The gross (before fees & taxes) investment performance of the Mercer Select Growth is performing ahead of its composite benchmark of indices and the net performance (after fees & taxes) is in line with the peer group median (Super Ratings Balanced 60-76) over 3 years to 31 December 2021.

We note that the overarching objective is to achieve a return of that exceeds CPI by at least 3.25% per annum over rolling six year periods.

Total returns – before fees & taxes	3 yrs
Mercer Select Growth	13.0%
Composite Benchmark	11.8%

Total returns – after fees & taxes	3 yrs
Mercer Select Growth	10.5%
Peer group (Super Ratings Balanced (60-76))	10.6%

I have a few questions in relation to the investment report for the quarter ended 30 September 2021:

1. The investment return after fees and tax for the quarter is greater than the investment return before fees and tax for a number of investment options, e.g. SmartPath 1999-2003 before fees and tax 1.9%, after fees and tax 2.1%. Please explain why this is the case.

2. For the Global shares - small companies option the table shows the return was 1.9% below the benchmark whereas the following comment says the fund outperformed its benchmark over the quarter. Please explain.

3. For the Global unlisted infrastructure option the table shows the return was 12.9% below the benchmark whereas the following comment says the fund's return for the quarter was above the benchmark. Further, the table of the individual investment managers shows all but one exceeded their benchmark which seems inconsistent with the overall underperformance. Please explain.

1. From time to time, the net of fees and tax return for a particular reporting period may be higher than gross return due to the impact of tax benefits, for example franking credits and tax accrual alignments that are reflected in the MST investment options unit prices.
2. The data in the table in the report is confirmed as correct. Thank you for pointing out to us that the opening sentence of the performance commentary is stated incorrectly. Global shares – small companies underperformed relative to its benchmark for the quarter ended 30 September 2021. We will issue updated investment performance reports onto the website shortly.
3. The returns shown for the Global unlisted infrastructure asset class for the various periods are incorrect as they do not include the 30 June 2021 income distribution. The actual return for the quarter ended 30 September 2021 is approximately 3% (compared to its benchmark of 2.0%). Thank you for pointing this out and we are currently revising the Global unlisted infrastructure asset class reported returns. We will issue updated investment performance reports onto the website shortly.

How much of Mercer's income depends on rented property?

For our largest SmartPath cohort (1974-1978), which was referenced in the meeting, there is currently a benchmark allocation to property of around 7%. This includes a mixture of retail, commercial, and office investments with returns generated via a mixture of capital growth, sales, and rental income.

We had a number of questions from members wanting to get greater visibility of the underlying companies being invested in.

Members are welcome to view detailed information regarding their investments provided here [Mercer Super Portfolio Holdings](#)

Can we please have more information on investing with precious metals?

Mercer engages specialist fund managers who review these types of investment opportunities to assess if they are suitable for investing our members' money, taking into account the risk return profile of the investment. Exposure to these opportunities is available in our existing diversified options.

Members wishing to directly invest in companies in a particular sector, such as precious metals, can do so through the Direct Investment Option, provided those companies meet the criteria for Direct Investments (that means they are in the ASX 300 list of companies). As mentioned during the meeting, there are also specialist Exchange Traded Funds (ETFs) available in the Direct Investment Option. To find out if you can access the Direct Investment Option, please contact the Helpline.

Why do unit prices fall in a passive/conservative fund, when one would expect that there is no active trading which might reflect stock market gains/falls?

Each unit has a regularly changing price allocated to it, which is generally calculated daily (except on weekends and Melbourne public holidays). Unit prices may rise or fall depending on fluctuations in the underlying value of investments in each investment option regardless of any underlying trading activity. We have a Unit Pricing Policy governing the calculation of unit prices, and unit prices are generally independently verifiable.

Unless the trustee determines otherwise, the value of the underlying assets of the investment options will be based on market values determined by an external custodian or investment manager. For example, the value of units in “Mercer Passive Australian Shares” will generally change in line with changes in the Australian share market indices.

When valuing assets, we make an estimate of the tax liability due that has not yet been paid on investment income and capital gains, both realised and unrealised.

Insurance

We encourage all members to take the necessary steps to ensure that the types and levels of insurance cover they hold remain appropriate and affordable for their personal circumstances.

Why is the cost of insurance so high lately? What is the outlook for insurance premiums?

The cost of insurance is driven by a number of things, including claims experience, insurance policy terms and conditions and impacts of regulatory change.

Premiums across the industry in recent years have been increasing, particularly for disability cover. Increases are largely due to rising claims and the impact of legislative change, which has caused a general reduction in the number of insured members across the industry. This means that insurers are needing to spread their risk across a smaller group of members, which places pressure on premiums as claims are rising.

Notwithstanding these dynamics, Mercer Super works very closely with insurers to ensure that insurance provided to superannuation members remains appropriate, affordable, and provides value for money.

Members also should bear in mind that the cost of insurance increases with age, and we encourage members to regularly review their insurance and make sure the level of cover and the premiums payable are appropriate for their circumstances.

Why does Mercer Super not offer income protection insurance?

I would like to know a little more about life and disability insurance, plus is income insurance also offered?

Does the insurance compensation amount for death and disability get paid in addition to my super fund balance?

Mercer Super offers a range of insurance benefits to members of employer-sponsored plans, including Death and Total and Permanent Disablement cover, and depending on the particular plan rules, Income Protection cover.

However, Income Protection is not currently available to members of the Individual Section in the MST. The primary reason for this is that generally, members who join the Individual Section have left their employer and may not be working. Income Protection is also not offered for members of Virgin Money Super and Kogan Super. Members of TAL Super can select a range of insurance benefits.

Death and Total and Permanent Disablement cover provides a lump sum payment in the event of death or total and permanent disablement.

Income Protection pays a monthly income benefit, generally up to a maximum of 75% of salary for a given period (either two years, five years or to age 65, depending on the benefit period applying to a members plan).

Members should refer to their Product Disclosure Statement they received when they joined their plan to better understand the insurance benefits available to them. We encourage all members to take the necessary steps to ensure that the types and levels of cover they hold remain appropriate and affordable for their circumstances.

The calculation of a death or a disablement benefit is determined by the specific rules attached to a member's plan and the applicable insurance policy. Given these can vary significantly based on the benefit design of different plans, we suggest members contact the Helpline to discuss their specific circumstances.

Until what age can we retain insurance in Mercer Super?

The insurance cover expiry age varies depending on which section of the MST you are in.

For most employer-sponsored plans, Death and Total and Permanent Disablement cover expires at age 67 and Income Protection cover expires at age 65.

In the Individual Section, death cover generally expires at age 80, whilst Total and Permanent Disablement cover expires at age 75.

For Virgin Money Super and Kogan Super, insurance cover ceases at age 65.

Members should refer to the Product Disclosure Statement they received when they joined their plan to better understand the insurance benefits available to them. Mercer encourages all members to take the necessary steps to ensure that the types and levels of cover they hold remain appropriate and affordable for their circumstances.

With increased premiums for income protection insurance do you see super funds continuing to offer this service?

Income protection is an important consideration for members to ensure that costs associated with everyday living can continue to be met during a period when a member is unable to work due to temporary disablement. Accessing insurance through superannuation, provides a safety net to members who may not otherwise have or be able to afford to hold it outside of their superannuation. An increasing focus on affordability and ensuring that insurance premiums do not inadvertently erode retirement income balances means that Mercer Super and its insurers continue to work together in ensuring our members are getting value for money.

Members could be taken advantage of by their employer by reporting to the fund a salary which is less than what they are actually earning, which could impact the member's insurance cover. What do you do to ensure accurate information is being reported by an employer?

The salary your employer advises to Mercer Super for insurance purposes may be different than the salary used by your employer to calculate superannuation contributions. There can be many reasons for this, for example, your regular salary may include an element of overtime which the insurer may not be prepared to insure. Please check the insurance definitions that are contained within the Product Disclosure Statement for your plan. If you still have any queries about the salary being advised to Mercer, please contact your employer's human resources/payroll team to discuss.

If I take part or all of my super, can I still keep my insurance?

You may be able to keep your insurance in your Mercer Super Trust account if you take part of your super. There are requirements for maintaining a minimum account balance so that the premiums for the insurance cover can be paid. Please contact the Helpline for more information.

Fees

I find it very difficult to calculate the fees that are being charged against my super fund (I am retired with an Allocated Pension). Can this be clarified? For example, can these be separately identified on the annual statement?

Would you consider looking at greater transparency in relation to the Indirect Costs and Other fees?

Can we have an update of changes to fees sent directly to each individual?

The manner in which fees and costs are disclosed in annual statements or account balances shown in your online account is required to comply with complex legislation. The type of fees that are charged to a member's account will depend on each member's individual circumstances. The Product Disclosure Statement sets out a comprehensive description of all fees that might apply and is available to download at any time at: [Product Disclosure Statements](#)

If you require assistance accessing or understanding the fees applying to you, please contact the Helpline.

What is Mercer doing to reduce fees?

What is your outlook for fees in the next 24 months and do you see any increases?

Why are fees so high for investments in different portfolios? We are paying too much in fees and there seems to be little benefit come retirement.

Why are the fees of the Mercer SmartPath Super Plan Individual Section higher than other comparable Mercer Plans?

Has any thought been given to offering any fee (or other) concessions for members whose spouse also joins the MST either while working or in retirement?

We work hard to drive the best value proposition we can for members. We seek to deliver ongoing fee improvements whilst also balancing quality in delivering the best net investment outcomes and member experience for members. We are able to offer discounts to the staff of some employer plans as there are economies of scale benefits if an employer has a large number of staff that elect to participate in a Mercer Super Plan, however at this time there are no considerations for spouse or family fee concession within the MST.

Whilst we are mindful of fees, it is the net return delivered over the long term that is an important consideration in building your superannuation savings.

Member questions on the competitiveness of Mercer's fees were covered by Tim Barber's (Chief Executive Officer) presentation and further expanded on in the Q&A panel segment, please refer to the minutes of meeting.

Super rules

We received multiple questions about potential changes to the rules governing superannuation, and what the political parties might change.

These questions were grouped and covered in the Q&A panel segment; please refer to the minutes of meeting.

The Federal Budget was handed down on 29 March 2022 and you will find the Mercer insights summary of key Superannuation and retirement changes by following this link [2022-23 Budget Highlights](#)

Ways to contribute more money in super and maximise the return without going to SMSF?

There are many ways in which you can boost your super accounts, however there are 'contribution caps' and tax implications if you exceed these 'caps'. To learn more, please register for our ["Boost your Super" webinar](#) and seek financial advice.

What is the procedure to withdraw some funds from one of my super accounts?

Generally, members have to wait until they retire to withdraw their super. Super is put aside to help people after they have finished working. The only exceptions are financial hardship, disability, terminal illness or death. Some limited criteria apply to qualify for those exceptions. Your withdrawal will depend on the applicable category and conditions. We recommend you read this [Financial Hardship Factsheet](#). You can find more information about financial hardship here: [Helping customers through hardship | Mercer Financial Services Australia](#).

Where you meet one or more of the conditions, we may be required to formally identify you and to verify the identification information, for the purposes of anti-money laundering and counter-terrorism financing laws. We will not process a withdrawal request until all required information is received. Please contact the Helpline as they can assist you with the withdrawal process.

Will Mercer accept rollover funds from Australian Super Funds, UK or other foreign pension funds? Can I transfer my superannuation from Mercer Super to overseas?

Mercer accepts rollovers from all Australian regulated superannuation funds.

For transfers of your money earned whilst working in the UK into an Australian scheme it will generally need to be registered as a Qualifying Recognised Overseas Pension Scheme (QROPS). The Mercer Super Trust is not registered as a QROPS and is therefore unable to accept UK rollovers. For any other questions around international pension transfers, we recommend you seek advice from a tax professional as you will need to consider the taxation and other implications both overseas and in Australia.

If you are based overseas and previously worked in Australia on a temporary visa, you may be eligible to seek payment of your super as a Departing Australia Superannuation Payment. Information on this payment, including eligibility and the tax that would be applied, is available from the ATO website (ato.gov.au).

We encourage members who are overseas to activate their online account to monitor their super, and to provide us with their email address so they receive our communications more promptly than by post. Members can do this by contacting the Helpline for assistance.

Financial Advice, Information and Education

We received many questions from members who are seeking assistance with their superannuation and retirement planning.

We recommend that you get financial advice before making decisions regarding your superannuation. Further, for those members approaching retirement age or already enjoying retirement it is crucial that your financial planning arrangements provide you with confidence that you will have access to adequate income. A financial adviser can help you with your specific investment strategies and ways of ensuring that you have enough money for a comfortable retirement under various life expectancy scenarios.

Our Helpline consultants can provide general information. If you require personal advice that relates specifically to your investment in Mercer Super then one of our consultants can put you in contact with a Mercer financial adviser at no cost to you. Where you need personal financial advice more broadly, our consultants can assist you in making an appointment with a Mercer financial adviser on a fee for service basis, and the cost of which will vary depending on the nature and complexity of your financial advice needs.

Mercer can also help you take control of your financial future with an array of [education webinars](#) and for articles on broader [Mercer insights](#). A recent paper “Does more super buy you more happiness in retirement?” may also be of interest here: [Superannuation and happiness \(mercer.com.au\)](#)

As Jan Swinhoe, Chair of Mercer Super, alluded to in the meeting, you can also access [the retirement income simulator tool](#).

Broader industry news on superannuation, insurance and retirement may also be sourced from various financial newspapers and periodicals including independent online sources, namely: [moneysmart.gov.au](#); [superguide.com.au](#); and [choice.com.au](#).

Are there services online that you can provide for investors living overseas?

I need to know how best to invest my super.

For people like me who are international migrants and new to Australian markets how can Mercer educate us and share the most reliable super education?

Where super is only one of a number of assets, what tools are available to make a decision on level of risk in super account taking account of all assets?

There is support available for all members of the MST in all of these areas. Please contact the Helpline and our consultants will be able to provide you with information or assist you with seeking financial advice.

Our Risk Attitude Quiz helps a member assess their risk tolerance and highlights which investment option might be best for them. The quiz can be accessed via the Mercer Super app or via your online login.

For those members who are invested in SmartPath (or in the case of Virgin Money Super, invested in LifeStages), we do the guesswork and invest appropriately based on age and adjust this throughout the member's pre-retirement life.

Information is also available on the Mercer website, including fees, investment options and investment returns. If you log into your super account, you will find information that is relevant to your super in the MST. You will also find information on topical superannuation matters, webinars and tools, which may be of assistance in managing your super at <https://www.mercersuper.com.au/>

We manage and oversee the administration of super accounts for members who are overseas in the same way as for members who are resident in Australia, ensuring compliance with super regulations. We encourage members who are overseas to activate access to their account online to be able to monitor their super, and to provide us with their email address so they receive communications from us more promptly than by post. Members can do this by contacting the Helpline for assistance.

Returns and ranking of the fund

We received many questions from members who asked about the Mercer Super returns relative to benchmarks and other funds to help determine which one is right for them.

Tracking the performance of your superannuation can help you understand how your portfolio is gaining or losing value. Most funds, like the MST, provide monthly, quarterly and annual reports that outline investment returns. This information is available on the Mercer Super website.

In comparing funds, we recommend that you consider the following

- Compare like for like funds - this means comparing super funds of the same type, as well as those that have a similar risk profile.
- Review your account net benefit - this refers to the investment return after administration fees, investment fees, insurance premiums and taxes are removed.

- Consider long-term returns - superannuation is a long-term investment and it's the net returns over a period of years and decades that really count.
- Talk to a licensed financial adviser - if you are considering changing super funds, we recommend that you speak to an adviser who can take your personal circumstances and financial goals into consideration.

Most published fees do not take account of insurance costs, so comparing insurance terms and conditions should also be taken into account when comparing funds. We believe that the MST insurance offering is highly competitive, given the terms, conditions and benefits provided.

Of course, it's important to note that past performance is not an indication of future performance. What strong long-term investment returns may reflect, however, is a superannuation fund's experience and commitment to great financial outcomes for its members.

We continually strive to evolve and improve our offering, to deliver better investment and retirement outcomes for members. We are proud that our default investment option SmartPath is delivering strong investment returns to help our members grow their super.

In this regard Mercer's global team of over 1,200 investment experts carefully monitor international and local markets to ensure your retirement outcomes are protected. They monitor any market volatility and adjust investment strategies where necessary. We look at a variety of different approaches in order to continue to deliver strong returns, including a review of our Mercer-managed diversified investment strategy options and a number of changes that will set us up for years ahead, including but not limited to:

- Moving away from investing in Hedge Funds. Our experience of the past few years has been one of high fees and low returns and there are better opportunities available.
- Expanding the range of credit we invest in so that we are less dependent on equity markets to deliver performance.
- Cautiously growing our property and infrastructure investments that we expect to continue to deliver strong returns.
- Focusing more on sustainable investment opportunities. We are expecting that with the growing focus on transitioning away from polluting technologies that there could be a bit of a green boom over the next decade.

Below is the two performance outcomes against industry peers that were in the meeting presentation:

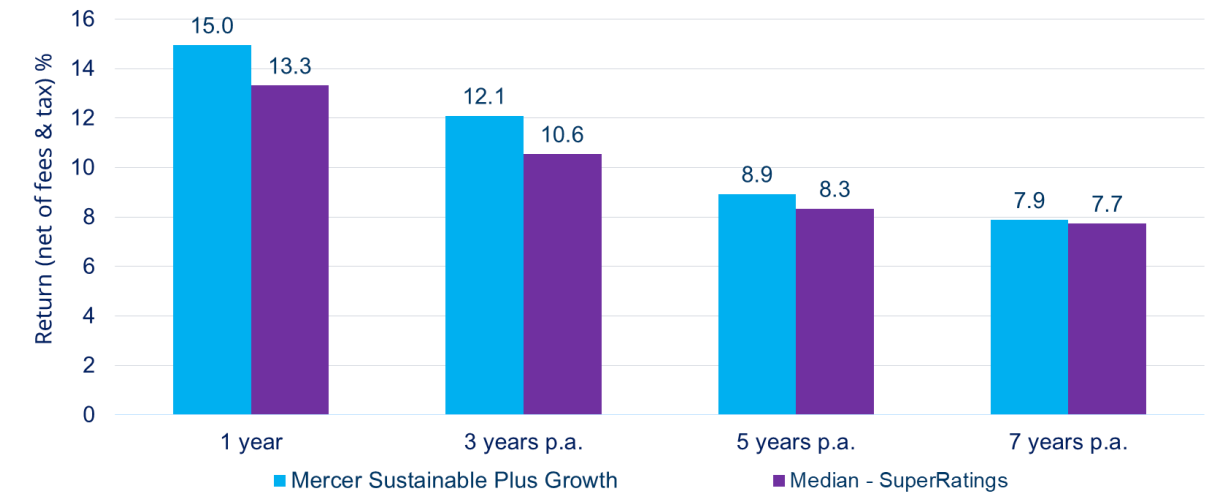
Mercer SmartPath cohort (1974-1978) vs median reported in SuperRatings Default options Survey

(after tax and investment fees to 31 December 2021)



Mercer Sustainable Plus Growth vs 60-76% balanced peers

(after tax and investment fees to 31 December 2021)



Defined benefit plans

We received some questions from members of defined benefit plans.

How many defined benefit plans do you manage?

How are the defined benefit plans going to be maintained if the market is not providing the level of returns that have been received recently?

What are the current investment returns for the defined benefit funds?

Mercer Super currently manages 66 defined benefit plans. An actuary is appointed to each defined benefit plan in the MST to provide advice to the trustee on the funding arrangements for the plan to maximise the ability of the plan to pay benefits, including pensions, as they are due.

Each defined benefit plan has its own investment strategy for the assets supporting the defined benefit arrangements, so the investment return for each defined benefit plan will vary.

If you are a member of a defined benefit plan, information on the funding of the plan is set out in the Annual Report supplement provided to you towards the end of each calendar year.

Why has my lifetime pension from the Mercer Super Trust remained without any increase for so long?

Lifetime pensions are different to pensions provided in the Allocated Pension Division of the MST. A lifetime pension is generally linked to a particular employer plan. The trustee is required to administer benefits, including pension payments in line with the rules for your plan. These rules are determined by your (former) employer, who also sets out the rules for any increases or indexation of lifetime pensions. If you are not sure what the rules are for your pension, please call the Helpline for more information.

Product features

Would Mercer consider opening up the All Ordinaries and not just the ASX top 200 for direct investing into? Currently it is very limited and potentially can result in members looking at SMSF instead of Mercer.

Is there a way the OneVue / share trading platform can be more efficient?

For most members, the Direct Investment Option is available and provides access to ASX 300 shares and a select list of Exchange Traded Funds (ETFs). We restrict the choice to top 300 shares only to ensure there is sufficient liquidity in the shares that members may choose. There are no current plans to expand the direct investment choice menu. To find out if the Direct Investment Option is available to you, please contact the Helpline.

We appreciate the feedback from members on areas for improvement with the trading platform and they will be incorporated into the planning of future enhancements. For further information about the operation of the Direct Investment Option, including when transactions should occur following a transaction request, please review the Member Direct Member Guide, available if you log onto your online account or by contacting the Helpline.

If I have funds in the Individual Section of the Mercer SmartSuper Plan is there any way they can be transferred to an existing Allocated Pension Account, without needing a second Account?

No, under legislation it is not possible to add money to an existing Allocated Pension Account. You are required to open a new one. Alternatively, you can complete a pension refresh which requires moving the current pension account money back into your superannuation plan and then commencing a new Allocated Pension Account with the full amount.

How many days behind are the super account total balances lagging from the current date?

Unit prices are calculated for each Melbourne business day and will generally be available on the website between 7.00pm and 8.00pm AET on the Melbourne business day following the effective date of the unit price.

What is the main difference between investing through Kogan to Mercer and Mercer directly if I choose the same or similar type of investment options?

Mercer offers several different superannuation products, the differences between products enables us to cater to the diverse needs of our members. For example, we are able to offer some products at a lower cost however the trade-off is that members have access to a limited number of investment options; investment options are passively managed, insurance options are limited, and, all correspondence and interaction is online only.

Why can't you have an option to place your funds into a bank account inside super that isn't a unit price and just earns interest without the balance reducing as the unit price for cash can rise and fall?

The Cash Option is designed to deliver better returns than a deposit account by investing in a range of underlying assets including bank deposits. The unit price system is a mechanism for providing a valuation for this asset and does not reduce the value of your investment.

My company's superannuation plan recently transferred into the MST and had a number of investment criteria set, one being that our monies were not invest in "futures", are our monies still so protected? Are our funds legally separate and independent from other fund monies? What are the protections so afforded? Our dedicated Trust Deed was reportedly "cancelled". Is there a replacement Trust deed still specific to our Members with commensurate terms, conditions and provisions and securities? The monies in our plan were the property of the members not the company, is that still the case following transfer?

Each company superannuation transfer has some unique elements to it, and these are generally advised to you via a Transfer Guide that would have been provided to you at the time. Please contact the Helpline to provide you with accurate information regarding your company's specific details.

Why do binding beneficiary nominations need to be renewed every three years, why can't the nominations be indefinite? Is a nomination really needed if you have a will?

As family circumstances can change from time to time, it is a good idea for members to regularly review a binding beneficiary nomination to make sure it still reflects their wishes of how they would like their superannuation benefit to be paid out should they unfortunately pass away. Like many other funds, Mercer Super requires members to renew their nomination every three years.

Mercer Super, Industry and Policy

Many members have asked why they should stay with the Mercer Super Trust, including from members who have been with the fund for a number of years. Members also asked how we put members and their experience at the centre of what we do.

The MST is sustainable and designed so that we remain a market-leading superannuation provider long into the future. As we continue to grow, our members will benefit from a downward expectation on fees in the future. We also make it easy for members to interact with their super, by delivering highly personalised and relevant experiences that encourage members to become more engaged with their super, ultimately to help our members achieve better outcomes in retirement. We are committed to continually enhancing the member experience on digital platforms to make it even easier for members to engage and interact with their super.

Mercer Investments is a global leader with over \$575 billion in its multi-manager funds today. Leveraging this global scale and buying power, they have the ability to select the best possible managers for the MST. Access to the depth and experience of a global investment team and manager research sets us apart and creates a strong platform for continued strong future investment performance and building financial confidence for our members. We draw on this research capability and implementation frameworks to ensure we deliver the best outcomes for members consistently.

The investment flexibility also allows the MST to maintain a competitive investment menu and to vary the number of options available to members, and the investment strategies and objectives that underpin them. This includes our life stage investment philosophy which allows us to deliver member outcomes throughout the varied stages of a member's lifetime.

Mercer regularly shares insights and thought leadership on global events, trends and policies. You can keep up to date with Mercer's views at [Mercer – our thinking](#).

What KPIs do Mercer's Super Board members need to achieve to meet their performance targets?

The Mercer Super Board's overriding obligation is to act in the interests of members. Each Director is paid a fixed annual fee, and they do not receive performance bonuses. The Mercer Super Board conducts a self-assessment annually to reflect on its performance as a Board and to identify ways to enhance its performance.

Mercer Super is also required to assess performance against other super products and determine whether our products promote the financial interests of our members. When carrying out this assessment, the trustee considers a number of factors including:

- Investment options
- Investment performance
- Costs and fees
- Insurance options and fees
- Overall size and scale of the fund

You can access the most current [annual outcomes assessment for your fund to 30 June 2021](#).

Will the Mercer Super Trust stay a subsidiary of Mercer?

The trustee of the MST, Mercer Superannuation (Australia) Ltd, is and will continue to be a wholly owned subsidiary of Mercer Australia Pty Ltd. The trustee is managed by a Board of Directors all of whom are non-executive independent Directors. The trustee is required to act in the best interests of members at all times and in the event of a conflict give priority to the interests of members.

How safe is my super?

With Mercer Super your superannuation is in safe hands. We have a strong reputation in managing your superannuation investment on your behalf well, and for the long term. For members, we encourage you to be actively engaged with your super by monitoring your account to check what contributions your employer is making and to make sure you're getting what you are entitled to, also ensuring the investment strategy and risk profile is suited to your needs.

A reminder to our members to always keep your statements and member log-in details safe, and be vigilant, and alert to potential scams. For helpful tips in this regard visit www.moneysmart.gov.au and always seek financial advice if you are unsure if your superannuation fund is the right one for you.

Have you expressed your concerns to the ATO about their misleading Comparison Tool?

Mercer Super wrote to the ATO soon after the YourSuper tool was launched in July 2021 to suggest a number of areas where improvements could be made. For example, including information about investment risk (or at least a clear disclaimer that investment returns vary according to the risk taken) and that past performance is not a guarantee or indicator of future performance. We have also noted the very limited reference to insurance. We are aware that the ATO is reviewing the Comparison Tool.

What is the likelihood that the maximum contributions cap for members aged over 50 will be increased and what can be done to pressure the Government to look into this?

We think there is little likelihood of an increase in the general concessional contributions cap for over 50s, other than due to indexation. We note there are existing 'carry-forward' provisions to allow for catch-up concessional contributions by those with a total super balance under \$500,000 who have not fully utilised their concessional cap in the prior five years (starting 1 July 2018). Mercer Super has suggested the carry-forward period be increased from five to at least 10 years on the basis that this would be particularly beneficial for women who have spent a number of years out of the workforce.

What are your views about the family home remaining exempt for aged pension retirees?

Mercer has not adopted a formal position on this topic. However, Mercer supports the development of home equity release products so that retirees can use their home to generate additional income if they wish to.

Member experience and our Helpline support

We received a number of questions and comments around poor member experiences. Where this involved specific personal circumstances, we will continue to attempt to reach you to discuss, if you have not already heard from us.

We are always looking for ways to improve our service to members and encourage your feedback. Feedback helps us to understand where to prioritise efforts and highlight areas of focus. We will continue to work with our Helpline team to ensure we continue to reduce wait times, enhance the quality of the responses from our Helpline and reduce the length of time it takes to respond to questions and action member requests.

We are also pleased to have received positive feedback from members and thank them for taking the time to provide it. This feedback, along with our overall member satisfaction results from annual surveys, is useful as it helps us compare ourselves to other super funds and our peers.

Why when a TPD claim is approved, do you prolong the claim by insisting that more medical forms be completed, when it is completely obvious that the member is not able to work or the TPD claim would not have been approved?

We appreciate that the process of making a claim can be lengthy and at times confusing. A request for additional information after a Total and Permanent Disablement (TPD) claim is accepted by the insurer is to meet regulatory requirements related to meeting a “condition of release”. There are only limited circumstances when a benefit can be paid out of a super fund to a member before their preservation age, which is generally 60 years old. One of the ways this can happen is in cases of “permanent incapacity”, a term which is defined in legislation. If, despite being accepted by the insurer as TPD, the medical information provided to support the TPD claim does not meet the legislative definition of “permanent incapacity” (which is a slightly different test), we are required to ask for further information before making payment.

Website and Mobile Application

We received a number of questions and comments from members around the difficulty experienced in accessing investments and performance related information and the availability of more timely performance data on the Mercer Super website, as well as issues around the quality of the mobile app. We also received suggestions for improving the information provided in the online account or the mobile app.

Accessing your super online is important. We appreciate that the website and our mobile app, designed to enhance the member experience when interacting with us online has limitations. A first phase release of the new look website to improve site functionality and navigation launched in February 2022. More features will be incorporated over the course of this year, including an enhanced search function capability.

As part of this we are developing a webpage where you will be able to visually track our investment performance. We hope this will be available by the end of the year. In the meantime, we release [quarterly investment reports](#) on our website. In addition, quarterly investment reports are uploaded to the website and include information on asset allocation for each investment option managed by the Mercer investments team.