

# FY2023 Annual Member Meeting

**Mercer Superannuation (Australia) Limited  
ABN 790 004 717 533 AFS Licence 235906 as Trustee  
for Mercer Super Trust ABN 19 905 422 981**

## Additional member questions

Members of the Mercer Super Trust (MST or Mercer Super) provided questions upon registration and submitted questions during the Annual Members' Meeting (AMM). A number of questions were answered live during the AMM, and in some cases questions on a similar topic were grouped together. Responses provided during the AMM are set out in the minutes. Responses to questions that were not addressed during the AMM are set out in the following sections by theme. Similar to the live AMM Q&A panel segment, where we have received a number of questions on a similar topic or theme, these may have been grouped and answered in a consolidated response. Questions have been displayed as submitted by members. Where members raised questions relating to their individual circumstances, they are being contacted directly with a response. If you have any additional questions, please contact us by logging into your super account and submitting a query or contacting us by phone:

Plan	Helpline 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 notes**

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 advice tailored to your personal circumstances from a licensed or appropriately authorised financial adviser. Questions relating to personal circumstances, personal advice or certain commercial, legal and confidential matters cannot be addressed as part of the AMM. Unless indicated otherwise, responses relate to Accumulation style superannuation accounts and benefits. If you are a Defined Benefit member, some rules and processes may be different so you should contact our Helpline for more information. Within this document:

- 'MERCER' and Mercer SmartPath are Australian registered trademarks of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.
- Mercer Superannuation (Australia) Limited (MSAL) as trustee of the Mercer Super Trust (MST) is a wholly owned subsidiary of Mercer.
- 'BTFM' refers to BT Funds Management as trustee of BT Super.

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# 1. Investments

## 1.1 ESG

- 1.1.1. What constitutes an ethical investment within Mercer?
- 1.1.2. I'm interested in the details, integrity and performance of your sustainability investment strategies.
- 1.1.3. How is ESG impacting member returns?
- 1.1.4. I would like to first commend Mercer Super on your transparency. One question I do have is investing in renewable sources of energy a key part of your strategy with your customers money? And if not, will you be transitioning away from investing in coal etc.?
- 1.1.5. What investment categories include "renewable" energy infrastructure and research? What investment categories are best for non-Dollar denominated investments? What investment categories include defence and military companies?
- 1.1.6. Socially responsible investing by the fund - environmental criteria etc. Social licence in relation to gambling?
- 1.1.7. How many companies have you invested in that are in the energy sector?
- 1.1.8. What are the risk mitigation strategies that Mercer investment managers are using for geopolitical risks?
- 1.1.9. Does Mercer invest any assets in war zones?
- 1.1.10. Does Mercer directly or indirectly invest in any companies that are complicit in Israel's occupation of Palestine?
  - You can read about Mercer's approach to sustainable investment and Environmental, Social and Governance (ESG) risks and opportunities in the Investments update section of the AMM. It highlights the following themes.

**Mercer's core investment belief.** A sustainable investment approach, which integrates ESG factors, climate change transition and physical risks, and adopts an active ownership approach, is more likely to create and preserve long-term investment capital for members.

**Mercer's selection process.** Mercer doesn't directly select securities, instead relying on specialist third-party investment managers to invest on its behalf. Mercer may also rely on specialist third-party providers to share data insights on environmental, social and governance (ESG) factors, including country risks to help monitor current and potential investment impacts.

**Mercer's monitoring process.** Mercer monitors listed portfolios, in conjunction with a third-party ESG research provider, to identify possible high-severity or 'red flag' incidents under the UN Global Compact (UNGC) principles that relate to human rights, labour, environmental and corruption issues.

Mercer shares these monitoring lists with the relevant investment managers and follows up where investment managers have exposure to companies with 'red flag' incidents and / or where there are concerns about how investment managers are approaching these considerations based on responses to our annual manager engagement survey.

**Applying portfolio exclusions.** Mercer may choose to apply exclusions within its investment choices, such as where it expects members to have common ethical expectations. An example of this is the exclusion of certain companies linked to controversial weapons across all Mercer Super assets managed by Mercer Investments or Advance Asset Management Limited. Exclusions are applied to the following types of companies:

- Those who manufacture whole weapons systems, or delivery platforms or key components that were developed or are significantly modified for use in cluster munitions, anti-personnel landmines, biological or chemical weapons.
- Those involved in the production or retailing of automatic or semi-automatic civilian firearms and/or ammunition.

Mercer's range of sustainable-labelled investment options apply additional criteria in the investment management process. This may result in further exclusions, such as certain companies that gain revenue from gambling and certain fossil fuels, or additional exposure to companies that provide solutions to a range of sustainability challenges, like waste management and recycling.

You can read more about the specific definitions and exemptions in the [Sustainable Investments Information Booklet](#).

### **Investing in renewable energy assets and transitioning away from fossil fuels.**

Mercer acknowledge the importance of climate change and the risks and opportunities this poses for companies and assets and therefore our portfolios. We recognise the pace of change across the whole global economy that's required to achieve the net zero mitigation ambition and avoid the worst of the potential physical risks under different climate scenarios.

The energy transition from fossil fuels to renewables has an important role to play in that change. We've seen that our appointed investment managers, who actually make the decisions on company or asset level selection, are seeing return opportunities in renewables. Renewable investments are achieved primarily via our Global Unlisted Infrastructure asset class investments, where the assets include more than 20% exposure to wind and solar generation. Where relevant, Mercer also seeks to engage with the underlying investment managers about how they're factoring climate change into their selection decisions and assess fossil fuel based emissions and reductions. We're keen to understand how they're considering the risk and return implications for companies or assets that don't have good transition strategies in place. We're expecting them to keep an eye out for those that might become stranded during the transition.

The Portfolio Holdings link below discloses the listed companies across energy and other sectors. For those members that wish to go further than the transition approach and adopt a rules-based approach to excluding some fossil fuel related companies, please consider the details for the sustainable-labelled options via the links below. Our website contains further information, including:

- Mercer Super Sustainable Investment Information Booklet and the Investment Booklet applicable to your Plan – [here](#).
- How Your Super is Invested section for underlying company Portfolio Holdings information, and search for the relevant plan and fund for specific sector investment holdings information – [here](#).
- Performance results for various investment options over different time periods – [here](#).

**Mercer’s investment manager engagement on current topics.**

Specifically in relation to Israel and the Occupied Palestinian Territories, Mercer engaged with relevant investment managers in October 2023 and again in March 2024 to ensure we keep on top of this ongoing situation.

Companies or issuers with connections to Israel and the Occupied Palestinian Territories are not specifically excluded from Mercer Super investment options. Exposure to Israeli-based companies or issuers is typically between 0% and <1.0% of total holdings per investment option. This percentage varies depending on the type of underlying funds into which each investment option invests. For example, diversified options that invest in multiple sector funds, including Mercer SmartPath options, only hold a fraction of a percent.

Mercer will continue to monitor the situation on behalf of Mercer Super and keep the Trustee informed of any further course of action.

You can view all portfolio holdings for your investment option on the Mercer Super [website](#).

- If you have questions or need information specific to your own circumstances and investments, we recommend you speak to a financial adviser. Please contact our Helpline and we’ll help connect you to a Mercer adviser if needed.

## 1.2 Investment options

**1.2.1 With Mercer Direct why are popular ETFs related to themes not available? For example, MOAT, SEMI, NDQ, MNRS, GDX, CLDD, ROBO, RBTZ, etc. A number of members have communicated with each other and have requested multiple times every year for last 5 years however no response. This is forcing us to open another super fund to use these ETFs. Secondly with Mercer Direct, direct sharing investments there is no option to put in an automatic stop-loss trigger as a dollar value or even something as simple as stop-loss if share price drops more than 5%, 7.5% or 10% in order to protect our super investment in case of a downturn in an individual stock. Or at least provide a text and email notification if the individual stock has dropped more than 5% and then another notification if more than 10% to allow super members to review and take action. We have been asking every year for last 5 years but no response.**

**1.2.2 Are there any dividend investment options in Mercer?**

- The Trustee regularly reviews the ETFs available through the Mercer Direct investment option against specific criteria, to ensure they continue to support the best financial interests of our members. Not all the ETF themes available in the broader market meet our specific criteria for inclusion.
- Stop-loss is not currently a product feature available via Mercer Direct, and we apologise if this question hasn't been answered previously. However, we've passed on your feedback for further consideration as part of our ongoing product review process.

Mercer Super also recommend you speak to one of our financial advisers to discuss your specific investment needs and see how the product might best meet those.

- Some Mercer Super investment options may earn dividends and any benefit is reflected in the unit price of that investment option.

Members can also choose to invest in ASX300 companies via Mercer Direct (if available in their product) where they could potentially earn dividends (if eligible). Dividends are generally credited to a member's Cash Hub within a few days of the payment date. Although Mercer Direct offers additional choice and more control, rules and restrictions apply, so please read the [Mercer Direct member guide](#) for more information.



### 1.2.3 Can you please provide some commentary on the prospects of lithium carbonate and investing in lithium stocks in 2024.

- Mercer Direct doesn't currently have any investment options that include this type of investment so we can't provide commentary on its potential prospects. Mercer Super recommends you speak to a financial adviser if you still require more information.

### 1.2.4 Do you have funds that are Australia ASX based EXCLUDING Mining? And US or International funds that are more microcap and smallcap in nature.

- Most Mercer Super products usually offer investment options with some exposure to Australian or International Shares.

**Australian Shares** are investments in Australian companies listed on the Australian Stock Exchange (ASX) or equity-based trusts, derivatives or unlisted Australian-based equity type investments. They may also include a small exposure to companies listed outside the ASX. Specific details of exclusion based strategies can be found in the Mercer Super Sustainable Investment Booklet available at [mercersuper.com.au/pds](https://mercersuper.com.au/pds).

**International Shares** are investments in companies listed on stock exchanges around the world. These investments may be hedged or unhedged to manage movements in exchange rates that can impact the value of investments (both up and down). Investments in international shares may be in:

**Developed markets** – countries with sophisticated economies and a middle to high income per person.

**Emerging markets** – less developed countries with a low to middle income per person.

To achieve market exposure Mercer invests through third party investment managers on both an active and passive basis. Most unrestricted active investment mandates can have exposure to Small and Micro Cap Stocks where Investment Manager has conviction.

- 1.2.5 Please detail Mercer's options for fixed assets, including corporate and government bonds. Where can I find yield and term? Does Mercer provide or when will it provide access to bonds directly instead of ETFs? Does Mercer provide or when will it provide access to individual shares directly instead of ETFs?**
- 1.2.6 Are there any plans to expand the Direct Investment product to include international ETFs & bonds so members have a broader range of investment products via Direct Investment as an alternative to self-managed funds?**
- 1.2.7 Will you be increasing the options regarding Direct Investment**
- 1.2.8 There is a shift to allow more flexible share choices including the US Stock market. Is that something Mercer will look at?**
- 1.2.9 How can Mercer make it easy to make a direct investment in the ASX stocks and can Mercer provide direct super investment in ETFs for member to choose from?**
- 1.2.10 Can you comment on stock trading within super SMSFs?**
- 1.2.11 Can I partially do my own investment within super e.g. Invest 80% in a pre-defined fund & the rest I buy shares personally?**
- 1.2.12 Does Mercer have a metals option please? eg gold, silver etc**
- 1.2.13 Will I be able to invest in precious metals eg Gold/ Silver? If yes. how can I do that. Thank you.**

- Some products within Mercer Super offer the Mercer Direct investment option, which gives members extra investment choice and control around how their super is invested. It allows members to invest directly in a range of shares listed on the ASX300, Exchange Traded Funds (ETFs) listed on the Australian Stock Exchange (ASX), as well as a selection of term deposits.
- The Trustee regularly reviews the ETFs and term deposits available through the Mercer Direct investment option against specific criteria, to ensure they continue to support the best financial interests of our members.

Members can currently choose from approximately 52 ETFs across a variety of asset classes, including equities, property, infrastructure, fixed assets, bonds (including Australian Corporate and Government bonds), commodities (including Gold and Silver) and cash.

- You can find more information about our investment options and term deposit issuers and term deposit periods and rates on the Investment page of your [Member Online](#) account.
- While Mercer Direct offers additional choice and more control, rules and restrictions apply. For more details, please read the [Mercer Direct member guide](#).
- Mercer Super cannot comment on trading of shares within a SMSF.

**1.2.14 Can there be investment options or optional "add-ons" that invest in BTC/ETH, and riskier options that invest in XRP/SOL/ADA/etc.**

**1.2.15 Will you be considering any crypto currently investments in future now ETFs have been approved in the US?**

**1.2.16 How to invest my super to crypto coins?**

**1.2.17 When will we get access to Crypto via the 10 US issued bitcoin ETPs. I keep seeing paltry returns compared to hard money. Anything valued in Fiat is inflatable to infinity via the Central Banks.**

**1.2.18 How can I get Bitcoin exposure in my Mercer Superannuation?**

**1.2.19 Can you please add a Bitcoin ETF to the member direct option?**

**1.2.20 With the recent launch of Australian Bitcoin ETFs, what is Mercer's position on Bitcoin (and by extension crypto) investment? Would it be possible for an 'opt in' provision allowing members to nominate, an amount or percentage, of their super balance to be invested in Bitcoin? With an 'opt in' provision it would allow members to understand and be accountable for associated risks inherent with investing in bitcoin.**

**1.2.21 Can we invest in crypto?**

**1.2.22 I am not sure if Bitcoin is part of any of the Mercer investments. What do you think of Bitcoin as a long term investment?**

**1.2.23 Would you invest into a BTC ETF if it came to fruition?**

**1.2.24 Crypto is in opposition with my values, how do we choose Mercer products with a guarantee that they have zero crypto investment? Yes it might be against a trend, but cryptocurrency is moving into the mainstream through indexed funds and I would like to avoid supporting it.**

- Mercer doesn't invest in cryptocurrency. It views it as a highly speculative investment.
- While cryptocurrency may have a legitimate place in the economy over the longer term, it's a largely unregulated investment category that carries significant risks. It doesn't provide income and there's no way to currently assess or measure its real value.

## **1.3 Investment Outlook**

- 1.3.1 I would like to hear you speak about the forecast for 3-5 years in super growth.**
- 1.3.2 What are the certain steps/plan to increase the returns for members in the coming 2 years?**
- 1.3.3 What are the potential investment sectors in the next 2-3 years?**
- 1.3.4 What are the potential assets to invest in Super in 2024?**
- 1.3.5 Is there likely to be consistent and steady growth in the fund over the next 5 years?**
- 1.3.6 If past performance isn't an indicator of future performance on what basis are you sharing an outlook on markets and what this means for our super performance? On what basis can the asset allocation change?**
- 1.3.7 How can I make the most of my super? Any investment opportunities?**
- 1.3.8 What is Mercer Supers forecast in the next 5 years. Also, what is Mercer Supers 10 year long term strategy plan, both conservative as well ambitious future plans?**
- 1.3.9 How will Mercer ensure they are a top performing super fund in the years to come? Why wouldn't I switch?**
- 1.3.10 The outlook for "Asia Pacific and European" investment markets.**

### 1.3.11 What dangers and conversely what opportunities do you see moving forward?

- Our investments update in the AMM contained extensive information about current and potential market outlooks, as well as insights into how Mercer is managing investments.  
You can review the information provided during the AMM by watching the live recording [here](#).
- You can also read more about our outlook in [Mercer's Economic and market outlook 2024 report](#) and [Mercer's Investment themes and opportunities in 2024](#).
- If you have questions or need information specific to your own circumstances and investments, we recommend you speak to a financial adviser. Please contact our Helpline and we'll connect you to a Mercer adviser if needed.
- Mercer conducts an investment strategy health check at least annually, including expected market returns and risk scenarios for the investment options. It also performs an in-depth strategic review of its investment options at least every three years depending on the market environment.

You can read about our outlook in [Mercer's Economic and market outlook 2024 report](#) and [Mercer's Investment themes and opportunities in 2024](#).

- Mercer's portfolio construction framework focuses on diversification, risk management and long-term growth to achieve the best financial outcomes of our members. By using active investment strategies, such as Dynamic Asset Allocation (DAA), across a diverse range of asset classes, Mercer can focus on delivering outperformance over a range of timeframes.
- Exposure to different asset classes, like equities or bonds, as well as investments in real assets such as Unlisted Property or Unlisted Infrastructure that have a longer-term investment horizon, helps to diversify risk and capture opportunities in different market conditions and are strategic exposures across Mercer Ready-made investment Options.

- Mercer's wide range of available investment products allows members to invest according to their risk preference and/or other objectives. Mercer's SmartPath Investment Option for example, offers members a tailored solution based on age. As members get closer to retirement, their appetite for risk typically changes. SmartPath automatically de-risks a member's super investment as the member ages, moving from a high growth strategy to a more balanced investment strategy, as members move towards retirement.
- Market forecasting is inherently volatile, particularly over the short term.
- As part of Mercer's portfolio construction process, it uses a variety of data sources to compile forecast market returns that help to inform decision making and risk analysis. Combined with a focus on diversification across asset classes, sectors and strategies, this helps develop the asset allocation decisions for the diversified investment options.

#### **1.3.12 I would like to know your future outlook if we go to war as is being driven by world views?**

- Mercer reviews its market outlook annually, including expected market returns and risk scenarios for the investment options. It also performs an in-depth strategic review of its investment options at least every three years depending on the market environment. You can read about our outlook in [Mercer's Economic and market outlook 2024 report](#) and [Mercer's Investment themes and opportunities in 2024](#).
- As part of Mercer's ongoing portfolio construction process, Mercer runs a variety of scenario analysis or stress testing outcomes (such as geopolitics) to assess the impacts and risks of potential return outcomes to members. These outcomes highlight whether a particular investment option might have a concentration risk or bias that could result in a larger than expected loss relative to its intended risk profile.

Mercer aims to mitigate the impacts of these types of risks by diversifying across a range of investment strategies, including dynamic asset allocation, that can actively manage exposures in response to shorter-term market volatility.

## 1.4 Investment performance

- 1.4.1 Why are your product target results far lower than competing providers?
- 1.4.2 Why Mercer is not the top fund as at yet?
- 1.4.3 What steps are you taking to improve fund performance. Can you please share the percentage of expenses vs the returns generated.
- 1.4.4 Why has AU Mercer growth been so much lower than UK Pensions. Eg: Pfizer?
- 1.4.5 How is mercer super compared to other leading super funds on long term return? (5 to 20 years)?
- 1.4.6 How have you fared against your industry peers in terms of my return on investment?
- 1.4.7 Why in such a large worldwide company with all the expertise at your available are we continually underperforming YOY?
- 1.4.8 Performance of Australian shares vs overseas in last 4 years and the tax treatment of investment gains, how tax is hidden in fees.
- 1.4.9 How do Mercers returns over the past 1-5 years compare with Fisher Investments?
- 1.4.10 Mercer is doing very well compared to the median of performers in the market. How does Mercer compare to the top performers in the market?
- 1.4.11 What is Mercer Super doing to improve its ranking against competitors?
- 1.4.12 How do Mercer ensure the account holders are getting above market return rate that justifying the management fees paid?
- 1.4.13 How does my mercer pension fund compare with industry benchmark?
- 1.4.14 If super plummets to zero, how will Mercer support us or back us up?

## Investment performance

- For more information about Mercer Super's investment performance, we recommend you read the Investments update in the AMM, which outlines Mercer Super's performance to 30 June 2023, including performance relative to other funds and our comparative performance against industry medians.

It's not appropriate for us to comment directly on the investment performance of other super funds', including those overseas.

- The **Mercer Super default investment option**, Mercer SmartPath®, passed the APRA Annual Performance Assessment in 2021, 2022 and 2023.
- Mercer SmartPath® doesn't yet have a 10 year track record, as at 30 June 2023, so we show the comparative performance for the periods that are available with the performance history of this option.
- For the year to 30 June 2023 Mercer SmartPath® generated industry-high returns of at least 12% for the majority of our members\*.
- The Ready-made options had a strong financial year delivering returns comfortably above their respective SuperRatings peer group medians\*\*.
- More generally, tracking the performance of your super can help you understand how your portfolio is gaining or losing value. Mercer Super provides monthly and quarterly investment reports, and an annual report that include investment returns. These are calculated on a 'net of investment fees and taxes' basis and you can find more information about fees and costs in the relevant disclosure document located at [Product Disclosure Statement \(PDS\) | Mercer Super Australia](#).
- Mercer Super also regularly email members about investment performance. You can find details on the Mercer Super website [here](#).
- To see investment returns for the Mercer SmartRetirement Income product, please read the [Mercer Super Performance Reports | Mercer Super Australia](#) . These performance reports detail the asset class benchmarks used and the relevant performance of each investment option.

\* After investment fees and tax, Mercer Super Trust's analysis of Mercer SmartPath, with the exception of Mercer SmartPath – Born 2004-2008, all cohorts with members aged under 55 years returned at least 12% for the 2022/23 financial year (and invested for the full 2022/23 financial year). This compares to the median of all default funds reported in SuperRatings Fund Crediting Rate Survey – Default Options as at 30 June 2023 of 9.3%. Note: While Mercer Super did not feature in the official June 2023 survey, Mercer Super is captured in the revised data file. Based on Mercer SmartPath membership data as at 31 March 2023 and for members invested for the full 2022/23 financial year.



\*\* Mercer Super Trust's analysis of Mercer Super's Investment Options, compared to its respective growth asset ratio fund survey's median as reported in SuperRatings Fund Crediting Rate Survey as at 30 June 2023.

## Comparing funds

- When comparing super funds, Mercer Super recommend you consider the following things:
- **Compare like for like funds.** Compare super funds of the same type, as well as those that have a similar risk profile.
- **Review your account net benefit.** Look at the investment return after administration fees, investment fees, insurance premiums and taxes are removed.
- **Consider long-term returns.** Super 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're considering changing super funds or you're not sure what investment option is right for you, we recommend you speak to a financial adviser who will consider your personal circumstances and financial goals.
- **Insurance.** Most published investment fees don't take account of insurance costs. It's important to compare insurance terms and conditions. Mercer Super believes it's insurance offering is highly competitive, given the terms, conditions and benefits provided.

## Access to local and global resources

- Our local expertise is supported by Mercer's global investment capability. Mercer Super have people on the ground all around the world, who speak the local language, understand local cultures and are deeply connected with local investment markets. This helps us to:
  - Identify, assess and access new opportunities before other funds are aware of them – first-mover advantage.
  - Provide diversification across geographies in public and private assets to improve portfolio resilience.
  - Use global scale to negotiate reduced costs with investment managers, which enables us to build high performing portfolios at a lower cost.

The result is strong after fee investment performance for our members, helping to build better retirement outcomes.

- Please remember superannuation is a long-term investment, and we focus on the longer term at Mercer Super. Market volatility can be a natural part of the investment cycle and some investment options will be more severely affected by certain market downturns than others, based on the type of assets they invest in. Markets will often recover in time, so we encourage members to take a longer-term view of their super and choose investment options consistent with their overall objectives, financial situation or needs. It's important to consider your time frame to retirement, along with the level of risk you are comfortable taking.

### **BT Super merger**

- The CEO Fund update in the AMM outlined the benefits for members following the merger with BT Super in April 2023.
- Member benefits range from a meaningful reduction in fees, to more choice in investments and increased scale to make Mercer Super one of the largest and most competitive funds in Australia, helping to drive better retirement outcomes for our members.
- You can review the information provided during the AMM by watching the live recording [here](#).

#### **1.4.15 For super invested in cash, why is the cash rate of return < 3% when I can / am easily getting just over 5% on a term deposit invested for 6-12 months in the market at the moment? I understand that cash needs to be invested short term for liquidity reasons, but I would have thought actual rate of return would be higher (at least 4%). Can trustees review investing cash holdings (portion there-of) for a longer time frame to take advantage of higher rates?**

- The Mercer Cash investment option invests mainly in cash. It is designed for members who want no exposure to growth assets and can tolerate a low level of risk over one year or less.
- It is important to keep in mind that the net return for members takes into account investment fees and taxes, that are included in the unit price. You should consider your time frame to retirement, along with the level of risk you are comfortable taking when selecting an investment option.

**1.4.16 Why aren't the Direct Investment term deposit rates more competitive and offer longer terms? The current providers in BoQ and ANZ do not seem to have competitive rates and I would like Mercer to work harder to get better deals for its members. i.e. if I can source these privately why can't Mercer?**

- The Mercer Direct Investment service is provided through an arrangement with OneVue Wealth Services Limited ABN 70 120 380 627 AFSL 308868.
- OneVue advises us when new term deposit issuers and rates are available. The Trustee reviews the issuer and term deposit against specific criteria.

**1.4.17 Do returns include inflation and are they net of expenses. What is the benchmark?**

**1.4.18 Does the quoted annual growth for 2022/2023 include the member annual contribution?**

- Investment returns are shown 'net of investment fees and taxes'.
- Some investment objectives consider CPI+ targets and you can view the performance against these measures (or other benchmarks depending on the investment option) in the [Quarterly investment reports](#).
- Stated investment returns are the returns for those investment options as a whole.

**1.4.19 How has COVID affected Super and what does it look like moving forward.**

**1.4.20 Will my super be safe if another covid - type pandemic occurs? I'm in the 1970s age group.**

**1.4.21 What plans or strategy is Mercer putting in place to accelerate recovery and gains from losses incurred during and post pandemic?**

- Mercer Super remains confident in its ability to deliver strong retirement outcomes for members over the long term.
- For members who remained invested in the same investment option through the COVID-19 market downturn, we expect most account balances have now recovered or are close to pre COVID-19 levels.

- However, members who switched money between investment options during (or after) this period of market volatility (for example moving from a growth option to a conservative or cash option) may have missed some of the market recovery and could have locked in some losses.

You can find further information and responses to member questions in the Investment Performance section of these Q&As.

#### **1.4.22 How has YFYS changed the allocation and investment decisions for the fund?**

- Legislation such as Your Future Your Super, does add another layer of consideration Mercer Super incorporate as part of our decision making process, with the ultimate aim being to deliver on the best financial interest of members.

#### **1.4.23 Where can I find investment returns for the Jana Assertive option?**

#### **1.4.24 Why can't Mercer have a monthly investment performance update?**

- Investment returns for Jana options are available to those members who have access to these options via their online account. Please refer to the Documents section.
- Mercer Super also publish monthly performance updates on our website [here](#).

## **1.5 Investment Strategy**

- 1.5.1 Given the massive profit losses around the world in 2023 for major companies like Disney, Anheuser-Busch, First republic Bank (SF) and many more due to ESG ideology, where activism over profit has destroyed hardworking investors bottom lines. Will Mercer invest wisely and avoid companies that try to pontificate rather than look after the interest of their investors?**
- 1.5.2 The performance of Mercer super is not as good as some of the other leading super and the name and appeal of Mercer super is also not that great so what is it the management is doing specifically to address it?**

**1.5.3 What short term and long term plans & investments do you have in place for better and higher returns for our super?**

**1.5.4 What have been the key lessons for you this financial year? What investment strategy decision has been your proudest for this financial year?**

- There are several ways you can find out more about Mercer's investment strategy.
  - Read about how Mercer is managing investments in the '[How your super is invested](#)' section of our website.
  - See more detail about Mercer's Investment Strategy in your product's Investment Booklet.

Review the information provided during the AMM by watching the live recording [here](#).

**1.5.5 What were the Fixed interest strategies over the turbulent markets in 2023?**

- Mercer manages a number of domestic and global fixed interest strategies spanning across government bonds, credit investments, emerging market debt and cash. Over the 2023 financial year, fixed interest strategies broadly delivered a flat to slightly negative outcome for investors. Inflation remained persistently high over the period resulting in interest rates remaining high. Credit strategies were also slightly negative on an absolute basis. Despite the corporate default cycle remaining benign, the impact from rising bond yields had a negative impact on performance. Emerging market debt was a key standout across the fixed income sector delivering strong returns for investors.

**1.5.6 What is your current fixed interest strategy for Global and Australian markets?**

- Recognizing that bond yields are likely to continue to trade with heightened volatility, Mercer prefers that our underlying managers continue to adopt an active approach in the management of duration and yield curve strategies. Across credit, we also favour maintaining a strong preference for active shorter dated exposures.

**1.5.7 What is your Bond market strategy?**

- Mercer believes that the active management of duration, curve and credit positions remains essential for our underlying strategies to be able to deliver excess returns to investors over the longer term. Implementation of investment views for an asset class could be considered through a targeted mix of exposure to bonds or credit strategies that provides diversification or the potential for greater returns to a multi asset portfolio. Alternatively, Mercer may rely on active manager strategies to tilt exposures across a range of return drivers.

**1.5.8 Are you guys planning to include any halal investment options in the future? Or is there a way to use current instruments and the benefits attained from non halal sub instruments can be removed from a person's account?**

- While Mercer Super understands the importance of this to some of our members, it's not something we are currently considering. We recommend you speak to one of our financial advisers about which investment options might be suitable for you.

**1.5.9 Conservative investment – how to grow more and how can risky investments still be used while reducing risk.****1.5.10 As we approach retirement age when do we look to take a safe position to protect our super position? Especially in times like now where Global uncertainty and the promise of lower interest rates see returns as good, but so is risk big.****1.5.11 Top 4 safe investment for anyone over 60 and retired?****1.5.12 What would be an appropriate asset mix for a retirement portfolio?****1.5.13 Is there a plan which has a guaranteed return on my super balance? I just don't want to see that my super balance goes into negative.****1.5.14 Are there term deposit products that one can invest their super funds in? I want to protect my super from any market downturn.****1.5.15 Is there a way to quickly switch to Cash if you feel a crash or correction is looming? Are there fees to do this and what other risks are involved?**

- If any of the above questions affect you, Mercer Super recommends you speak to one of our financial advisers about the best approach for you. Please contact our Helpline and we'll help connect you to a Mercer financial adviser if needed.

**1.5.16 What percentage of the Magnificent 7 make up the portfolio of Mercer International Shares?**

**1.5.17 Does my super support any agriculture industries?**

- You can view the underlying assets for each investment option on our website [here](#).

**1.5.18 In a member's portfolio which has equities as an investment option exposure do you short sell equities in markets that are going down and do you hold onto them, or do you cut them loose with a stop loss?**

- From time-to-time Mercer may employ external investment managers which are capable of executing long/short investment strategies that align with an investment Options objectives and risk profile. Whilst these types of strategies can generate excess returns they are not typically considered relevant for the majority of Mercer's Superannuation Options available to Members. Where exposure to these types of strategies is relevant in an Option, Mercer controls the Managers investing guidelines via an Investment Management Agreement (IMA) which may apply certain limits and controls in order to manage investment risk. Mercer's manager research and portfolio construction process is responsible reviewing an external Manager's investment and trade execution strategy under the specified IMA. Mercer however does not look to manage the design or approach of a Manager's investment execution strategy.

**1.5.19 International share markets are currently at all-time highs. What is Mercer doing to protect investment from bubbles bursting, while ensuring we don't miss the rise?**

- Timing markets is inherently difficult. Mercer seeks to manage short and long-term investment risks by diversifying across different asset types, sectors, alternative assets and active investment strategies.
- We believe aligning these factors with the investment option objectives is the most suitable way to enhance long-term compound

return outcomes for members, while still considering the impacts of shorter-term market events.

**1.5.20 What is Mercer's view on early stage de-dollarisation of global markets, record gold buying by central banks and potential impacts on investment markets?**

- Market volatility can be a natural part of the investment cycle and some investment options will be more severely affected by certain market downturns than others, based on the type of assets they invest in.
- As part of Mercer's ongoing portfolio construction process, it runs a variety of scenario analysis or stress testing outcomes (such as geopolitics) to assess the impacts and risks of potential return outcomes to members. These outcomes highlight whether a particular investment option might have a concentration risk or bias that could result in a larger than expected loss relative to its intended risk profile.

These results are reviewed at least annually. Combined with Mercer's qualitative outlook of the future market environment, investment objectives and risk tolerance, they help inform the decision to make any changes to an investment option's exposure to address any positioning or concentration risks.

**1.5.21 Are the pension fund assets the same as the superannuation fund?**

- Pension assets are held separately to non-pension assets due to the different tax treatment of each.



# 2. Strategy

## 2.1 BT Transition

### 2.1.1 Please explain how you will fully compensate members for expenses and extra tax incurred as a result of the SFT.

- Mercer Super is working through this issue with BT Funds Management (the trustee of BT Super) and the relevant regulators, and we will be in touch with impacted members in due course. For clarity this issue only relates to a group of Defined Benefit pensioner members who were part of the BT Super successor fund transfer (SFT) to Mercer Super.

### 2.1.2 Has Mercer honored all the life insurance and other insurance components of my super for which I was previously covered by BT?

- Yes. Any insurance cover you held as a BT Super member was transitioned to Mercer Super at the time of the transfer. For more information on the insurance you currently hold within your super, please refer to your Mercer Super welcome letter, or [Log in](#) to your account and you'll see your insurance cover listed on the dashboard.

### 2.1.3 My super was transferred from BT to Mercer. Does it mean that my account automatically went into the SmartPath® category for my age group (69 at the time)?

- Not necessarily. Members who transferred from BT Super were invested in the investment option(s) that most closely matched their BT Super investment option(s). For details on your current investment strategy, please refer to your Mercer Super Welcome letter or Log in to your account.

### 2.1.4 What are you going to do to compensate the mishandling of super and underperformance by Asgard, BT and Mercer Super? I took out a staff super and in the long run, the additional payments I received from my employer were eroded by all of these organisation's under performance to industry standards and also due to excessive fees.

- Following the transfer from BT Super to Mercer Super, most members received a fee reduction of around 25% off standard fees, making them a member of one of the most competitive super funds in Australia. The fee reductions included the removal of the dollar-based administration fee and reduced percentage-based administration and investment fees.
- In terms of investment performance, Mercer's Global Investments business currently includes approximately 2,000 professionals working to improve investment outcomes for members here in Australia and around the world.
- Mercer Super have also increased our investment range, providing members with new investment options and greater opportunities to diversify investment strategies. The MST default investment option SmartPath® has a track record of delivering strong retirement outcomes for members, with top quartile performance for 3, 5 and 7 years for our largest cohort of members\*. Mercer Super members consistently enjoy investment returns above the industry median.

\*Mercer Super Trust's default investment option, Mercer SmartPath®, has achieved returns above the Default Options Median spanning one, three, five and seven (1) years for the overwhelming majority of members (88%).

# 3. Product

## 3.1 Contributions

- 3.1.1 Information about personal concessional contributions?
- 3.1.2 Is there a limit to the amount that can be added to your super on top of normal contributions? Are there any tax implications for doing so? Is there a better time in your working life to make these extra contributions
- 3.1.3 How can I make a personal concession contribution for FYE2024 and how long before should make an EFT? How can I track my SG from my employer?
- 3.1.4 How much can I add to my super and can I withdraw if I need it?
- 3.1.5 Can you cover the extra deducted and undeducted contributions, and any associated limits? The process to follow for these contributions to maximise super returns.
- 3.1.6 What is the maximum and advantage of self-investment?
- 3.1.7 How much can I transfer to super every year as my own contribution?
- 3.1.8 If I can make additional payments into my super at any time without incurring additional tax levies?
- 3.1.9 Salary sacrifice information for over 50yr olds please?
- 3.1.10 How do I make extra payments from unused cap amounts from the last 5 years.
- 3.1.11 Tax advantages for increasing super contributions?
- 3.1.12 Pros/cons to continuing to salary sacrifice or instead use that money to go to other investments?
- 3.1.13 I am 70+ self-employed, how much can I add to my super?
- 3.1.14 Changes to Contribution caps and downsizer program?

**3.1.15 I would like to understand the super concessional and non-concessional caps better, and what are my options (or consequences) if the caps are exceeded.**

**3.1.16 Could you explain contribution taxes and contribution tax rebates, and how they are calculated please.**

**3.1.17 How can we determine the total payments we have made for the financial year, so we can identify if we should make any further payments to reach the cap?**

- We received lots of great questions from members in relation to super contributions. The Australian Government sets the maximum amount that you can contribute to your super each year. For contributions to super in the 2023-24 financial year:
  - a cap of \$27,500 applies to concessional contributions (employer contributions, salary sacrifice, and personal contributions, for which you claim a tax deduction).
  - a cap of \$110,000 applies to non-concessional contributions (personal after tax (except those for which you claim a tax deduction), spouse contributions, any concessional contributions over the concessional contributions cap).

Please note, these contribution caps may change. Please refer to our website [here](#).

You may need to pay extra tax on amounts in excess of these caps.

- For more information on contributions and caps, refer to our website [here](#). You can also call our Helpline Advice team, who are trained and certified to provide super advice including how much you can contribute to your Mercer Super account – this is at no additional cost and comes as a benefit of membership with Mercer Super.
- In terms of when to start making additional contributions, this depends on your personal circumstances. There is more information on our webpage [Own your super, grow your wealth](#), including the advantages of making additional contributions. Again, you can call our Helpline Advice Team to access additional advice relevant to your personal circumstances.

- The tax advantage of making concessional or salary sacrifice contributions is that the amount is taxed at the concessional rate of 15%, rather than your marginal tax rate. You should consider contribution caps before making any changes, and again, there's lots of helpful information on our webpage [Understanding superannuation contributions and taxes](#).
- Contributions tax is generally payable on concessional contributions at a rate of 15%. For more information on different contribution strategies and the tax payable, again, go to our webpage [Understanding superannuation contributions and taxes](#). You can also give our Helpline a call.
- In terms of age limits for contributions, from 1 July 2022, the work test rules were removed for people aged 67 to 74, so these members can now make personal after-tax contributions at any time. These contributions are subject to the non-concessional contributions cap, which is \$110,000\* for the 2023-24 financial year. A member aged under 75 may also be eligible to bring forward two financial years' worth of contributions and make total contributions of up to three times the cap over a three-year period. For more information on contributions and caps, refer to our [Contributions Fact Sheet](#).
- You can view the total contributions you have made during the financial year by going to our [Log in](#) page and logging in to your account.

\*Note: If your total superannuation balance is \$1.9 million or more, your non-concessional contributions cap (and any bring-forward cap) will be zero for the financial year 2023-24.

\*\* IMPORTANT Please note that any information in this material regarding legal, accounting or tax outcomes does not constitute legal advice or an accounting or tax opinion and prior to relying and acting on this information it is important that you seek independent advice from a qualified lawyer or accountant regarding this information.

### **3.1.18 I'm self-employed, so I need to know how to pay into my super account, and is there an admin fee or any cost when I pay into the account? If so, am I better off making less regular payments, but for larger amounts?**

- There is no charge for making contributions to your account, so you can make contributions as often as you like. As a member of the MST, you may be able to make voluntary contributions to your super

account using BPAY®. BPAY® allows you to contribute over the phone, via the internet or you can set up a regular payment from your bank account. You can find the BPAY® biller code and your personal reference number by going to our [Log in](#) page and logging in to your account. Once logged in, head to the personal details page. If you would prefer to contribute via cheque, the relevant form can be found on our [Member forms and documents](#) webpage.

There is also lots of helpful information on the Government's [Super for self-employed people](#) webpage. If you need help from us to get started, you can always call our Helpline. Please also refer to the earlier questions in section 3.1 for further information on contribution caps. You may wish to seek advice from a financial adviser in terms of what is best for your circumstances.

## 3.2 Fees

### 3.2.1 **I have three different investment portfolios that I've invested in with Mercer. Does this mean I'm paying three sets of different admin fees for these so I'm better off just choosing one that's relevant for my life stage/age group?**

- No. Generally a single administration fee applies to your account regardless of how many investment options you choose. The investment fee can vary depending on the investment option you choose, but it is only applied to the assets held within that option. Mercer Super recommend you look at the relevant product disclosure statement for your account, which you can find on our [Member forms and documents](#) webpage.
- An administration fee does apply for members invested in Member Direct. More information is contained in the [Mercer Direct member guide](#).

### 3.2.2 **Why can't a complete fee breakdown be included in the yearly statement, something that shows the entire calculation behind the total member fee figure?**

- There is legislation which governs how Mercer Super show fees on your annual statements. If you require further information regarding fees, can you refer to your product disclosure statement which you

can find on our [Member forms and documents](#) webpage, or contact our Helpline and we'll be happy to assist.

**3.2.3 What are the fees/rates for people who have superannuation funds but are currently unemployed? Are there better lower fees for them?**

- Fees are not adjusted based on your employment status.

**3.2.4 Why are super fees not associated with performance only but currently based on super balance?**

- Fixed administration and investment fees provide members with clarity in terms of the fees payable on their super. Members are also able to compare fees against other super funds. There are performance-based investment fees that can be charged by the underlying investment manager. Further details on these can be found in the [How Your Super Works](#) booklet.

**3.2.5 Can we get the return on our super before deducting all the fees?**

- Mercer Super publishes monthly and quarterly performance reports for the standard Corporate Super Division and Allocated Pension Division investment options, which can be found on our [Mercer Super performance reports](#) webpage. These reports contain investment performance for investment options after the deduction of investment fees and taxes, but before admin fees and other fees are deducted. This allows you as a member to compare investment performance between other investment options available within Mercer Super and other super funds, on a like for like basis. Always remember though, past performance is not a reliable indicator of future performance.

**3.2.6 Why are fees charged every month for term deposits?**

- This fee is charged in line with the frequency charged by the service provider who manages term deposits on Mercer Super's behalf.

**3.2.7 I'm keen to understand fees on a 'stagnant' plan, i.e. no contributions at present. How can this be minimised? Also, please advise where my fee amounts for my account can be found.**

- The fees charged on your account are based on your account balance, not on the contributions you make. For information on the fees

relating to your account, there are a couple of places to go. You can refer to your relevant Product Disclosure Statement which you can find on our [Member forms and documents](#) webpage. To view any fees deducted from your account, you can refer to your last annual statement, or go our [Log in](#) page, log in to your account and go to the account activity section.

### **3.2.8 These fees shown seem high too - and the examples do not match the publicly available APRA data.**

- Mercer Super can confirm the fees shown during the recent Annual Members' Meeting were correct. They were taken from the Chant West MySuper default fee tables for June 2023. The fees shown were for Mercer SmartSuper - SmartPath® (our MySuper product) at June 2023 and the total included administration, investment and transaction fees. Chant West uses our 1964-1968 investment option for purposes of comparison with other MySuper funds – as this is the highest annual fee for our SmartPath® options. You may pay less than this if you are in another SmartPath® option or in an employer plan. For details on fees for each of our SmartPath® options, or if you've chosen your own investment option(s), go to the [How Your Super Works](#) booklet online. In April 2023, we reduced our standard fees for members – and they're now lower than most of our major competitors. In fact, our Mercer Super MySuper SmartPath® standard fees are around 13% below the MySuper market average.

## **3.3 Insurance**

### **3.3.1 What happens to my insurance if I change super fund?**

- Generally, if you close a super account, any insurance attached to that account ceases. You should always check what insurance is available in your chosen fund, what the eligibility rules are, and whether you have sufficient cover to meet your personal needs. More information on Mercer Super's insurance offerings is available on our [Insurance in super](#) webpage.

### **3.3.2 What age does the death benefit expire?**

- Different insurance policies have different rules around when the benefit ceases. To know which applies to you, it's best to refer to your



Product Disclosure Statement which you can find on our [Member forms and documents](#) webpage, or give our Helpline a call.

### **3.3.3 How does insurance work if we create a self-managed super fund?**

- For information around how insurance works with a self-managed super fund, you're best to discuss this with a financial adviser.

### **3.3.4 What is the difference between Death Cover and TPD cover insurance?**

- Death cover provides a lump sum payment to your beneficiaries when you die. If you are diagnosed with a terminal illness, your death cover may also provide you with a lump sum payment prior to your death. Total and Permanent Disablement (TPD) cover provides a lump sum payment to you if, due to an injury or illness, it's determined you will be unable to work for the rest of your life.

### **3.3.5 What happens if I can't work due to health challenges?**

- You may be able to access your superannuation early if you are unable to work due to ill health, however there are strict criteria set out by the Australian Government that you would need to meet. If you have any insurance cover within your super, this may also become payable, depending on your circumstances and the type of cover you have. This may include Salary Continuance Insurance which provides a benefit if you are unable to work temporarily. In these circumstances Mercer Super recommend you contact our Helpline so we can assist you.

### **3.3.6 When merging two Mercer policies, which insurance is held?**

- When merging two super accounts, you may be able to maintain or adjust the insurance held across the two accounts. However, insurance can be complex and you may hold different forms of insurance within your super. Mercer Super recommend you contact the Helpline Advice Team who can assist you as options will vary depending on the accounts you hold and your personal circumstances.

### **3.3.7 What are the pros and cons of having life insurance via super versus outside of super?**

- The Government has an excellent webpage [Insurance through super](#) that takes you through the pros and cons in detail. Mercer Super also recommend speaking to a financial adviser or contacting our Helpline Advice Team when looking at your insurance needs.
- Some of the benefits of having insurance in super include having premiums paid directly from your super balance, rather than out of your pocket and in some cases, having your insurance set up automatically. On the flip side, the insurance type and amount of insurance provided automatically may not match your specific needs. Paying premiums from your super may also reduce your overall super balance over time.

### **3.3.8 Why does the insurance premium double when someone reaches the age of 35? This is so silly. It should increase gradually instead of changing abruptly.**

- Insurance premiums are calculated based on a number of factors including the amount and type of cover, age, gender, and occupation. The cost of insurance typically increases as you get older. This is due to the increasing risk of certain events happening as you age. For example, serious illnesses become more common as you get older. That said, at Mercer Super's next product review we will be looking at the suggestion to take a more gradual approach to increasing cover, and therefore premiums.

### **3.3.9 Can I pause my insurance premiums while on parental leave?**

- Premiums cannot be paused. Payment of premiums is required to ensure you remain covered in the event you suffer an illness or injury while on parental leave.

## **3.4 Pensions**

### **3.4.1 Does the Mercer Allocated pension provide a cash account to draw down income payments from? Can this be set up online?**

- Mercer Cash is an investment option available within Mercer SmartRetirement Income, our Mercer Super allocated pension product. As a Mercer Super member, you can invest all or part of your account balance in Mercer Cash. If only part of your account balance is invested in Mercer Cash, then you would have two options to draw

down your income payments. Firstly, you could choose to receive 100% of your payment from a particular investment option, for example 100% paid from Mercer Cash. Alternatively, you could choose a priority order for the payments to be made. For example, Mercer Cash first and then another option once you have no more funds in Mercer Cash. You can change your investment options online and also update the options that your income payments are made from. If you need help in setting this up, you can also call our Helpline.

## 3.5 Retirement

### **3.5.1 In relation to the new retirement bonus, when switching from accumulation to pension products, for members who switch before it is launched, will it be retrospectively allocated to the pension account?**

- There will be no retrospective application of the bonus for members who move to a pension product prior to any implementation of the retirement bonus.

### **3.5.2 Any updates Mercer can share with members, regarding upcoming proposed changes, which the government will announce about super for over 60-year-olds, amendments to aged pension criteria currently at age 67 years old, amended rules and regulations we should be aware of?**

### **3.5.3 Rumors or truths about proposed changes to super in favour of retirement annuities.**

- As with all regulations and compliance requirements that relate to Mercer Super, the Trustee considers them in full when they become law and ensures they are communicated as appropriate to all members either via our product disclosures, the fund website or individual member communications as required. Unfortunately, the Trustee cannot comment directly on any proposed or future regulations as they may or may not apply to members.

### **3.5.4 How/who manages my super when I retire? Being born in 1970, at what age can I retire?**

- Through your super, you are saving towards your retirement. If you choose to leave your super with Mercer Super, when you are ready to

retire you can switch your super account over to a pension account in order to begin receiving an income stream. During this pension phase, your investments would continue to be managed by Mercer Super. This change from super to pension is not something that happens automatically. You need to take some steps and you'll find lots of really helpful information on how to begin planning for this change on our [Transition to retirement](#) webpage.

- For someone born in 1970, your preservation age is 60. That is the age at which someone born in 1970 can begin to access their super.

### **3.5.5 Can you possibly talk about setting a transition to retirement account and how it affects the insurance premiums, tax and so on?**

### **3.5.6 How can I learn more about the new retirement products Andrew Wallace mentioned in Q&A?**

- If you're interested in setting up a Transition to Retirement account, there is lots of really helpful information on Mercer Super's [Transition to retirement](#) webpage. You can also call our Helpline Advice Team who can further assist in relation to your specific circumstances. This is available to you as a member at no additional cost.
- To learn more about the new and enhanced retirement products, you can refer to the Mercer SmartRetirement Income product disclosure statement which you can find on our [Member forms and documents](#) webpage. It contains detailed information about the retirement products offered, including allocated pension accounts, transition to retirement accounts, and the Smart Bundle.
- The enhancements made to our retirement products will provide our members with greater choice and flexibility in managing their pension accounts. Some of the updates and enhancements are:
  - Payment frequency: We have added additional pension payment frequencies of twice monthly and half-yearly. This allows members to choose a payment frequency that aligns with their financial needs and preferences.
  - Nominated drawdown: We have introduced the option to choose a percentage pension payment amount rather than a fixed dollar

amount. This gives members more flexibility in determining the amount they receive as pension payments.

- Consumer Price Index (CPI): We now offer the option to adjust pension payments in line with the CPI. This helps protect a member's income against inflation and ensures their pension keeps pace with the rising cost of living.
- Direct investment options: We have expanded the availability of direct investment options to transition to retirement (TTR) members. This means members can now have more control over how their TTR funds are invested.
- Reversionary beneficiary: Members can now add, change, or cancel a reversionary nomination at any time on an active account. This gives members the flexibility to update their beneficiary designation as their circumstances change.
- In addition to these enhancements, Mercer Super have also introduced a new retirement option called Smart Bundle. Smart Bundle is designed to simplify the application process. When a member chooses Smart Bundle:
  - Their funds will be invested in Mercer SmartPath®, which has been carefully designed to maximise income during the pension phase.
  - Their drawdown strategy will be the required minimum amount plus 2%, providing stability and sustainability of income.
  - Their payment frequency will be twice monthly, offering flexible access to their funds.
- Please refer to the Product Disclosure Statement for more detailed information about these enhancements and the Smart Bundle option. You can also learn more [here](#).
- We hope these enhancements and the introduction of the Smart Bundle will provide members with the confidence to thrive in retirement.

# 4. Other

## 4.1 General

- 4.1.1** What is the breakdown of the \$644,000 remuneration of directors? Seems high considering they are all/most also paid by Mercer. What is the per member amount of the promotion etc. amount? What is the benefit of this to the actual current members? It is noted it is incurred to grow the fund, therefore is it not then to the benefit of the operator i.e. Mercer not the current Fund members. Shouldn't Mercer as the organisation pay for this promotion, not "funnel" it through the Fund? What is the breakdown of the related party costs of \$172m? I understand the administration costs and the investment managers costs are valid costs, although interested in the per member cost of this and the way the manager is remunerated, e.g. a basis point fee, base fee and or performance fees. Interested in what other costs are included and if they should be costs attributed to the running and ultimate performance of the fund.
- 4.1.2** Do you consider reducing the expenditure on marketing and advertising?
- 4.1.3** \$172 million for aggregate related party payments seems like a huge sum. What percentage is this of funds under management, and do the Board and executives genuinely believe this is money well spent? How does this compare to the amount other funds spend?
- 4.1.4** How do you justify related party costs that high? What is the proportion that is attributable to directors' fees, consulting fees? What are management fees related to the fund?
- 4.1.5** Why is your annual marketing and sponsorship expenditure so high in comparison with other similar sized funds?
- 4.1.6** How much of our funds go to unions or parliamentary parties?

#### **4.1.7 Curious what I get as member from Mercer's \$9m expenditure on promotion, marketing and sponsorship. Are you deducting these costs from members?**

- The breakdown of the directors' remuneration can be found within the Governance Statement document located on our website - [Governance and Trustee Documents | Mercer Super Australia](#). Remuneration to 31 December 2022 is currently available. This page also contains the Annual Members' Meeting Itemised Expenditure Report which has the further breakdown on related party payments.
- Providing a per member spend on promotion and marketing is not necessarily appropriate as it doesn't cater for the different needs of our members and the different types of members within the MST. In addition, the total membership changed significantly during the year as a result of the BT Super Successor Fund Transfer on the 1 April 2023.
- Mercer Superannuation (Australia) Limited directors are the trustee directors of your super fund. The Trustee Board is responsible for overseeing the running of your fund but does not run the fund. One of the Trustee's responsibilities is to appoint service providers to do this on your behalf.
- Related party payments occur when payments are made to Mercer related entities for the provision of services for the MST. These include payments for implemented consulting costs, the management and administration of the MST, actuarial and claims advisory services, financial advice and distribution services and other member services. Again, a breakdown can be found in the Annual Members' Meeting Itemised Expenditure Report.
- Marketing costs include the design, production and distribution of promotional or educational materials, advertising development and media costs as well as payments to our distribution partners.
- In terms of the promotion, marketing or sponsorship expenditure, this helps to promote and grow the fund. There are many benefits to a member of the fund being bigger. Size gives us the ability to access certain investment opportunities and, economies of scale, which help us to keep fees as low as possible. Note, these costs are not deducted from member accounts.

- In terms of comparing to other funds, it's difficult to do as all funds are different in terms of the related parties they engage and their relevant services, as well as the marketing spend in terms of the size of each fund.
- Mercer Super do not make payments to unions or parliamentary parties.
- In all cases, the Trustee has a responsibility to act in the best financial interests of its members.

**4.1.8 Why is the annual members meeting for year ending June 23 held in March 24?**

**4.1.9 Why can't I attend this meeting physically?**

**4.1.10 Why does it take Mercer over 8 months to hold an AGM, as over 70% of the next year has already elapsed - why can't the AGM be in August?**

- The Annual Members' Meeting relies on a number of fund reporting items, including member annual statements and annual reports for the relevant financial year. These are generally finalised in the December following the financial year end. Once reporting is finalised, Mercer Super communicate the timing of the meeting to all members and invite them to submit questions. Content is then prepared based on those questions, to ensure we are addressing the interests of members. All of this involves preparation and planning. Given members' high level of interest in performance and market conditions, we ensure we include some up-to-the-minute content in this regard.
- The meeting is held remotely to allow all members the opportunity to participate equally, in the most cost-effective way.

**4.1.11 Can I manage my super fund?**

**4.1.12 How is this different to self-managed super?**

**4.1.13 I want to see if you have a self-managed super service.**

**4.1.14 Can I use shares to top up my super?**

**4.1.15 Are there term deposit accounts available in the superannuation accounts? Is there any limit?**



- Mercer does not offer a self-managed super service. However, you can choose from a comprehensive investment menu including the option of direct investment in shares and exchanged traded funds (ETFs) via Mercer Direct. Mercer Super recommend you speak to one of our financial advisers to determine what best suits your needs.
- Unfortunately, legislation does not permit you to include shares you have purchased outside of super in your superannuation account.
- Term deposits are available via Mercer Direct. For more details, please refer to the [Mercer Direct member guide](#).

**4.1.16 Can I nominate more than one beneficiary and a different % to each beneficiary?**

**4.1.17 If I only have brothers for beneficiaries for my super as I am single, what then?**

**4.1.18 Why do you need an original form for beneficiary in current digital age?**

- Yes, you can nominate multiple beneficiaries provided the total percentage allocated across all beneficiaries is equal to 100%.
- For more information on the options available in terms of nominating beneficiaries please refer to our [Binding Death Nomination form](#) for further details. You can also contact our helpline for assistance.
- A binding nomination is a legal document. That is why an original form is needed, signed, by two witnesses aged 18 or older. A non-binding nomination can simply be made online once you have logged into your account.

**4.1.19 Why isn't Mercer an Industry Superfund?**

**4.1.20 Who is in charge of our super? I'm worried about the government grab on our super.**

**4.1.21 Does my super legally belong to me or to the super company? If so why does Mercer have so much power over my investment to the point where I don't know if it's mine anymore?**

- Industry Funds were historically established by Australian trade unions to manage retirement savings of workers in their industry. The

MST is not aligned with one specific industry and is available to all individuals to join.

- Your superannuation is held within the MST, whose Trustee is Mercer Superannuation (Australia) Limited (MSAL). Information on the Trustee Directors is available within the Governance Statement document located on our website - [Governance and Trustee Documents | Mercer Super Australia](#).
- Your super is legally yours, managed by Mercer within the Mercer Super Trust. It is your money, and you can make investment decisions in terms of selecting which investment option or options best suit your needs, based on your appetite for risk. If you want to know more about the investment options available, you can also call our Helpline.

**4.1.22 I am going to get a job, can the new employer contribute to my super?**

**4.1.23 My current employer contributes to a different super fund and recommends consolidating funds. What benefit is there in holding a separate super fund with Mercer?**

**4.1.24 When you start working, do you get paid into your super or does it have to wait until a certain month/date to be paid?**

**4.1.25 Can we allow the ATO to offset their tax debt direct through our Super Fund? If yes, how?**

**4.1.26 Can you use your Mercer Super Fund for healthcare if you haven't got private healthcare?**

**4.1.27 The super contribution tax of 15%, can we claim on our tax return?**

- Yes, a new employer can contribute to your Mercer Super account. Simply complete a Choice of Fund form from your new employer directing them to contribute to your Mercer Super account. Please call our Helpline if you need further assistance.
- You can elect your employer to contribute to your Mercer Super account by completing a Choice of Fund form. Consolidating super accounts may be beneficial in terms of reducing the total fees you pay, however you should consider things like what insurance you have within each account. We recommend you call our Helpline and

ask to speak to one of our helpline advisers to get further advice in regard to your particular circumstances.

- Your Super Guarantee contributions must be paid into your chosen super fund at least quarterly by the due date, which is 28 days after the end of each financial quarter.
- Unfortunately, no, your superannuation cannot be used to offset a tax debt.
- There are limited circumstances in which superannuation can be withdrawn prior to your preservation age, which is the age you can access your super, based on the year you were born. These circumstances can include suffering severe financial hardship, meeting conditions for compassionate grounds or if you have a terminal medical condition. It cannot be used for general medical expenses. Please call our Helpline for further assistance.
- No, unfortunately you cannot claim the 15% contributions tax on your tax return. However it is worth noting this is a concessional rate of tax relative to marginal income tax rates.

**4.1.28 Are any trustee positions elected by members? If no, are you considering doing so?**

- Given the specific skill set required to act as a superannuation trustee, and the specific legal obligations placed on members of the Trustee Board, these positions are not filled via an election.
- However Corporate plans within the MST may have a Policy Committee in place. Policy Committee's include both employer elected, and member elected representatives. A Policy Committee is a forum for members to express their views and ask questions in relation to their super plan.

**4.1.29 Why don't annual statements show an individual's investment performance, rather than simply the performance of the member's current investment choice? I.e., if a member changes their investment mix mid-year, they cannot see how their decision has performed.**

**4.1.30 Why don't annual account summaries show tax on investment earnings? Contributions tax is stated, but not tax on investment earnings.**

**4.1.31 I notice that when I switch my investments in a reporting year, the annual performance of my investment is only reported on my 'current investment choice', i.e. balanced, or Australian shares etc., not on the actual performance of my portfolio for the year. Why can't I see how my portfolio performed for the reporting period, as well as each investment choice offered?**

- Your annual statement will show your total investment earnings in dollars. An individual's percentage investment return is impacted by variables such as any contributions or withdrawals and the timing of those being made during the period, as well as any change to their investment options during the year, and again the timing at which this occurs. Showing the return percentage on individual investment options gives you a view to how those options have performed across the total year.
- Tax on earnings is a tax payable by the Fund, not by members directly. Therefore, it is not reflected on individual member annual statements.

**4.1.32 I now live overseas, how will this affect me?**

**4.1.33 How much will the government be taxing us under the new tax system?**

- Your superannuation in Australia generally remains held within your super fund unless you meet certain criteria. If, however, you worked in Australia on a temporary resident visa, which has now expired and you have left Australia, you may be able to access your super. This is referred to as a Departing Australia Superannuation Payment (DASP). For more information on DASP eligibility please refer to the [ATO website](#).
- Otherwise, you cannot access your super until you meet 'a condition of release'. Conditions of release are generally retiring or reaching your preservation age.
- If your super balance is less than \$6,000 there are a couple of things to look out for. If your account does not receive a contribution for 16 months, or if Mercer Super are unable to contact you, your account may be transferred to the Australian Taxation Office (ATO), and held as 'unclaimed super'. To reclaim this super, you would need to contact

the ATO. If you think you may have some lost super, go to the [ATO Lost Super](#) webpage to find out more.

- If you are referring to the proposed changes to tax super accounts greater than \$3 million, this bill is currently before Parliament and is not yet law. In summary, it proposes to levy tax at 15% on the earnings related to the proportion of a superannuation balance that is over \$3 million. This is being referred to as Division 296 tax. The draft regulations have only just been released and would not come into effect before 1 July 2025. If you are referring to other tax legislation, please contact our Helpline and we can assist you.

**4.1.34 If I purchase 100 units for \$100.00 then the market goes down by 20% leaving me \$80.00, I was told by one of your advisers that I still have the 100 units. So why don't you show the total purchased units next to market price of said units (fluctuations) so we can better read the situation and plan better? Knowing the amount we have purchased tells us how much we can regain when the market rights itself!**

**4.1.35 How much would it cost to change from my current 80% cash / 20% 50's investment options to 100% 1950s investment?**

- By going to our [Log in](#) page and logging in to your account, you can view the total dollar value of your investments, the option(s) you are invested in, together with the units held within each investment option. You can also see the unit price for each investment option. Much like shares, the unit price varies depending on market performance.
- There is currently no charge to move between those investment options. You should however consider the investment fees and costs, and transaction costs of each investment option before deciding to make a change.

**4.1.36 Further information on Care and Living with Mercer will be sent to members in the next few weeks, but only if an email address of the member has been provided to Mercer. Mercer Super does not have the email addresses of defined benefit members. When will Mercer collect these email addresses? Also, when will Mercer give access to defined benefit members to the Mercer Super portal to facilitate access to the services referred to by Mercer in this Annual Members Meeting?**

- For defined benefit funds administered externally to Mercer Super by a third-party administrator, Mercer Super still has access to all member information including email addresses. Mercer Super will ensure that these members are included in communications issued in relation to the Annual Members' Meeting, just as they were when notifications and the invitation to register for the meeting were issued last year. Defined benefit members have access to their own member portal providing the ability to transact on their account. If there are additional services you would like information on, please contact the Helpline specific to your plan. Alternatively, you can contact the main Mercer Super Helpline on 1800 682 525 and let the consultant know the plan you are a member of.

**4.1.37 My question is what is the typical frequency that fund unit prices are updated on member accounts as displayed on the website/app, and what is the time lag between unit prices and the market prices of the underlying assets?**

- 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.

**4.1.38 Could you confirm your position with the superannuation rankings according to CANSTAR?**

- Mercer Super is listed on the Canstar financial comparison site. Although specific rankings are not mentioned, we can confirm that for members aged 40-49 with a balance of up to \$100,000, Mercer Super has a four-star rating for Mercer SmartPath® (born 1974-1978), which is one of our largest groups. You can also take a look at the [Canstar compare super funds](#) webpage.

**4.1.39 What is Mercer doing with cyber security and protection of members?**

- Mercer and Mercer Super are committed to keeping your personal information safe. To do this, we maintain internal controls that comply with business and regulatory requirements, to protect information assets, applications and systems, including the confidential and personal information you entrust to us. Mercer has an in-house global cybersecurity team. As part of the Marsh

McLennan group, we are backed by over 150+ dedicated global cybersecurity professionals, including a dedicated Mercer team, which provide us with a significant advantage when managing against emerging threats targeted at the financial services industry. In addition to our cyber risk and data security practices, we would encourage all our members to be aware of potential risky behaviours or red flags. You can read more on our website [here](#).

#### **4.1.40 What is Mercer Super's plan towards closing the gap for First Nations people?**

- Mercer creates brighter futures for Australians in retirement and we are positioned well to influence the retirement gap for First Nations people and communities through our pillars of Health, Wealth and Career. Mercer has a deep collective experience in listening to clients and developing tailored solutions for complex problems. We commit to extending this focus to our Reconciliation programs.
- Mercer believe that acknowledging and supporting Aboriginal and Torres Strait Islander peoples as the First Australians will help create better lives for all of our communities. We believe that we can enrich the lives of all Australians by fostering a culture of respect and inclusion in everything we do. We will work to create meaningful relationships with Aboriginal and Torres Strait Islander clients, customers, colleagues and suppliers who represent the diverse community in which we live.
- We believe reconciliation takes more than words; it requires meaningful action and accountability. We recognise this is a journey and are committed to continuously improving our programs, partnerships and governance to ensure we are making a tangible impact on First Nations people and communities.
- Mercer has recently received endorsement for its second Reconciliation Action Plan. This provides an opportunity to evolve and strengthen our commitment to reconciliation. Mercer proudly fosters a diverse workforce and provides opportunities for all colleagues to deepen their understanding and respect for First Nations peoples. We are growing our collective knowledge of First Nations histories and celebrating the heritage of the oldest continuing living cultures in the world. We believe that we can enrich the lives of all Australians by fostering a culture of respect and inclusion. As a business of Marsh



McLennan, we benefit from access to global campaigns to support racial equity, and leverage initiatives developed by global Diversity and Inclusion teams to address structural inequities.

- We invite you to read [Mercer's reconciliation plan](#).

#### **4.1.41 When will Mercer stop using manual process and move to computerised transacting like most other superfunds?**

- Mercer Super is always looking for ways to make it easier for our members to deal with us. Many of our processes are automated, in line with other super providers. For example, you can use your online account to make investment changes, update your beneficiaries or personal details, and make changes to your insurance. You can also make contributions using BPAY®, which is fully automated. Much of our contribution processing and payment of benefits is also automated. Some transactions require a more manual process for members, such as the completion of paper-based forms for binding beneficiary nominations. This is due to the fact this is a legal document and an original, signed document is required for it to be legally binding.

#### **4.1.42 How safe is my super, now that Mercer has taken over the Holden Super Fund?**

- Mercer Super's purpose is to build the confidence to thrive and help our clients and members achieve a dignified retirement. Mercer Super's approximately 25,000 employees are based in 43 countries. We are part of Marsh McLennan, the world's leading professional services firm in the areas of risk, strategy and people, with 85,000 colleagues and annual revenue of over \$20 billion. Mercer's global Investments business currently includes approximately 2,000 professionals working to improve investment outcomes for participants both here in Australia and around the world. Mercer is a locally led, global expert in retirement and investments.

#### **4.1.43 What happens with a wrap fund if your remuneration changes to a lower threshold? Does it affect the eligibility of staying with that fund?**

- The MST is not a wrap account. If you have questions in relation to a particular Wrap product, we suggest you consult your financial adviser, if you have one.



**4.1.44 If I convert my accumulation account into an allocated pension, and given I select exactly the same investment mix, can I expect the same return plus the 15% income tax that the fund no longer pays. i.e.. my accumulation fund makes \$100 before 15% tax so my account is credited with \$85 but if in allocated pension would the account make \$100 less no tax and my credit is the whole \$100 assuming an identical investment selection. My point is that I might gain the 15% tax, but the fund might not earn as much, or the fees might be higher.**

- Whilst it is correct that pension assets do not attract the 15% tax on investment earnings, the same investment option in the Corporate Super and Allocated Pension Divisions are not invested in exactly the same way, so the returns will not always be the same before tax. In addition, the investment and transaction costs can differ between the same investment option in the Corporate Super and Allocated Pension Divisions. This means that the returns for the Allocated Pension Division will not always be 15% higher than the returns for the Corporate Super Division.

## **4.2 Defined Benefits**

**4.2.1 I would like to have genuine clarity and insight as to the funding of the defined benefit Scheme, such as to provide certainty and comfort as to dependability. Does it have its own stand-alone fund, and is it self-sustaining?**

**4.2.2 Confirmation on how defined benefits are calculated.**

**4.2.3 For defined benefit superannuation, members often ask how our fund grows and how this is reflected in our account and how often the updates are. How does growth affect the formula we use for calculating our retirement benefit, let's say, at age 65?**

**4.2.4 For members of a defined benefit fund, what is the impact on benefits of the increase in the employer contribution percentage (especially for those who are still contributing).**

- There are legislative requirements around the funding of defined benefit schemes, and strict rules around monitoring and ensuring a fund maintains an adequate level of funding compared to potential benefits. This is done on an individual plan basis to ensure each

defined benefit plan has sufficient assets to pay all potential benefits. The funding level is regularly reviewed by an appointed Actuary. There are also requirements placed on sponsoring employers to ensure they meet any funding requirements.

- All defined benefit plans have different formulas and rules in terms of the calculation of benefits. For the specific rules in relation to a particular defined benefit plan, please refer to your Product Disclosure Statement or call our Helpline.
- Again, all defined benefit plans are different. For the rules relating to your plan, refer to the Product Disclosure Statement, call our Helpline, or alternatively you can discuss with your financial adviser if you have one.
- The employer contribution is generally set at a level determined by the Fund actuary to meet agreed funding requirements. Any impact of a change to the employer contribution rate on your benefit depends on the rules of the plan in which you are a member. Please refer to the Product Disclosure Statement or contact our Helpline for more information.

#### **4.2.5 What is the tax incurred for defined benefit members at retirement?**

- When super benefits are paid out in cash, the amount of tax that applies depends on your age when the benefit is paid, the type of benefit and some other factors. You'll find lots of information in our [Tax on lump sum super payouts fact sheet](#).

#### **4.2.6 I have a defined benefit Holden annuity which Mercer now looks after. I am wondering how the fund that pays this annuity has gone for the last 12 months, has it returned more than it paid out in the last 12 months?**

- If we understand your question correctly, Mercer Super can confirm that the Holden Plan remains in a satisfactory financial position with sufficient assets to meet its liabilities, including the payment of annuities. For further information on the Holden Plan please refer to Part 3 of your Annual Report for the 2023 Financial Year.

# 5. Services

## 5.1 Education

### 5.1.1 How do I sign up to a planning for retirement webinar?

- Mercer Super regularly post [Webinars](#) on our website including those that specifically look at retirement. These are available online and can be watched at a time that suits you.

## 5.2 Member services

### 5.2.1 Is there an online app? Or a store to talk face to face with workers?

### 5.2.2 When are we getting a mobile app to access info on our super accounts with ease?

### 5.2.3 Do you have any plans to improve your app? For example, usability, authentication and reporting?

### 5.2.4 Can Mercer super clients expect an update to the Mercer super app?

### 5.2.5 Why the app doesn't show earning in percentage as any other super app?

- Yes, Mercer Super has a mobile app available for members to download from the Apple Store or Google Play. Unfortunately, we do not have a physical location for members to visit, but you are welcome to call Helpline for assistance and we have lots of valuable information on our website.
- In terms of improvements to the app, Mercer Super understands the importance of digital access for members. We have listened to your feedback and are working on offering an improved digital experience soon.

### 5.2.6 Is the Care and Living option available for my parents overseas?

- Care & Living with Mercer is only available to people located in Australia.

**5.2.7 Will we be receiving more timely statements from Mercer in relation to our member balances and transactions? Currently the last statement I received is as at 30 June 2023. I would have thought that we should at least be receiving this information either quarterly or half yearly. It is very hard to check on contributions coming into our member balances.**

- Member Statements are issued annually in accordance with superannuation legislation. However, you can view details of your superannuation account, including your current balance and all transactions at any time by going to our Log in page and logging in to your account.

**5.2.8 I am an Australian who is based in Singapore. I have been a member of Mercer Super since around 2000. If I need to call your service helpdesk line for advice, it will be an overseas call for me, as I am based in Singapore. Is there a less costly way for me to communicate with you?**

- The number when calling from overseas is +61 3 8306 0900. Alternatively, you can contact us by logging into your account online, going to the contact us page, and submitting an online enquiry. We can then contact you to assist.

**5.2.9 Can I get a copy of the investment result/ statement monthly? It is too cumbersome to log in each time.**

**5.2.10 Do you publish the size of (total investment in) each fund on a regular (monthly, yearly) basis? If not, it would be nice and helpful to put it out as added information.**

- Both monthly and quarterly investment reports can be found on our [Mercer Super performance reports](#) webpage.
- It is important to note that these reports don't include the assets held within each investment option. Mercer Super will investigate whether this is something that might be included in the future.

**5.2.11 If I have multiple superannuation accounts, how can I merge them into one?**

- Mercer Super can assist you with consolidating your super in 3 easy steps. You'll find everything you need to know on our [Consolidate your super](#) webpage\*.

\*Combining your super can be a significant financial decision. If you decide to combine all or part of your other super account(s), carefully consider how this may have an impact on your existing insurance, contribution and tax arrangements, fees or charges, or any other benefits you may lose. If you intend to claim a tax deduction on your personal contributions, you will need to provide your existing fund with a notice of intent to claim and receive confirmation it's been processed before combining your super. We recommend you seek financial advice before deciding whether to combine your super accounts.

**5.2.12 The website we members log into should have an easy tabbed area within the dashboard area for real age-related information, i.e. 40-50, 50-60, 60-67, 67-75. With real useful help question/scenario's and answers, not useless answers, which could provide potential information outside of engaging a financial adviser although a financial adviser being required for detailed personal advice. i.e. how to transfer super to a younger wife near retirement age.**

- Thanks for your feedback. Mercer Super are continuing to invest in our digital experience, education and online tools to support you in saving and planning for retirement. We've recently included some enhancements to our website which you can find under the [Retirement tab](#). This includes the addition of a [member education section](#) with lifestage-based content, and an [online retirement hub](#) which houses a range of useful content and tools. We've also introduced a series of regular member education webinars throughout the year on topics which members tell us they want to know more about. Don't forget, if you need advice about your super, our Helpline Advice team, who are trained and certified to provide super advice, are happy to help you with your super investments, super contributions and insurance through your super. And this advice is available to Mercer Super members at no additional cost.

**5.2.13 On the old Mercer website, the opening page used to have a clear and simple document, showing returns on a top 8 to 10 investments over different months / years' time frame. Previously, I have been a superannuation representative for a company that had more than \$100 million managed by Mercer Super and the member feedback was that this table and**

**reference guide was of great benefit to the members. Can it be reinstated please?**

- Thanks for your feedback. Mercer Super have recently included some enhancements to our website to better support members like you who are wanting to learn more about the performance of our investment options – including the addition of a new [Performance page](#) which includes the short and long term performance of our MySuper SmartPath® investment option in which the majority of our members are invested. We have also added a more detailed [Mercer Super performance reports](#) webpage which includes our published monthly and quarterly performance reports with performance over 1, 5 and 10 years for all of our investment options, and access to our daily unit price calculator.

**5.2.14 Can you explain more about how the improvement in living standards affect returns on your simulator? I am not sure what this actually is.**

- The improvement in living standards represents the amount your cost of living is going up over and above price inflation. For example, the price of a regular ice-cream might go up with price inflation, but if your salary increases faster than the rate of inflation, you have more buying power and might switch to premium ice-cream, delivering you an improvement in your standard of living.
- The improvement in living standards drives two things within the simulator.
  - It is added to price inflation to make our estimate of wage growth in the future. Wage growth affects the indexation of inputs into the simulator such as salary, contributions, fees/premiums, other assets and income up to retirement.
  - The measures of price and wage inflation also control how we convert future values into today's dollars in the simulator. Up to retirement, we reduce future values of super and income by wage inflation. After retirement, we reduce future values by price inflation. The regulator, ASIC, requires the approach of converting future dollars to today's dollars for calculators like our retirement simulator.

- The improvement in living standards input does not affect investment returns within the simulator. The investment returns used are shown on the assumptions panel, allowing for any adjustments set by the user. In the investment world there is normally a positive correlation between returns and inflation, that's why super funds set objectives such as a certain percentage above inflation. In the simulator we have set default long-term investment returns and inflation to be consistent with each other. If you adjust the returns without changing inflation, or vice versa, the simulator will show you outcomes that could be less likely than under the default settings. You can find more information on our [Retirement income simulator information page](#), under the assumptions and stress test section.

**5.2.15 As investment recording is all electronic, why does it take Mercer many months to issue statements of performance - why, for example, cannot a statement to 30 June be issued on say 7 July.**

- It is vital that all information Mercer Super provides to members is accurate, collated and presented in a format which is easy for members to read and understand. Ahead of providing performance information about the Fund, there are many steps involved to ensure accuracy of the data. Information must be gathered from our Custodian. This information is then processed, and performance data is calculated. There is then a rigorous process of review to verify that all information is correct. Each of these steps takes time and care before we can make the reports available to members.

# 6. Regulatory

## 6.1 General

- 6.1.1 Can you provide an update on the latest government tax regulations associated with super when people commence drawing on funds in retirement?**
- 6.1.2 Interested in views around continuing regulatory changes and risk of long-term impact for fund members.**
- 6.1.3 Do you foresee any policy or tax changes to superannuation in the near future?**
- 6.1.4 What is Mercer's view of the government proposal to tax unrealised capital gains?**
- For information regarding government tax regulations and pension draw down requirements, you should refer to the Product Disclosure Statements, factsheets and guides which you can find on our [Member forms and documents](#) webpage. There is also lots of relevant information available on the [Australian Tax Office](#) website.
  - The Trustee cannot comment directly on any proposed or future regulations as they may or may not apply to members. As with all regulations and compliance requirements that relate to the MST, the Trustee considers them in full when they become law and ensures they are communicated as appropriate to all members either via our product disclosures, the fund website or individual member communications as required.
- 6.1.5 What actions (such as internal audits) have been taken to ensure no further non-compliance per APRA and ASIC regulations resulting in frequent fines by the government in recent times?**
- Mercer Super take our compliance obligations very seriously. We have a Risk Management Framework in place for identifying, managing and mitigating material risks that may affect our ability to meet our obligations to members. As part of this Framework, we have



compliance policies and procedures in place to assist us in managing our legal, regulatory and prudential obligations.

- 6.1.6 Please comment on the penalty and fines for misleading advertising on ethical and green investment advertising.**
- 6.1.7 ASIC launched a court action against alleged greenwashing conduct, commencing civil penalty proceedings in the Federal Court against Mercer Superannuation (Australia) Limited (Mercer) for allegedly making misleading statements about the sustainable nature and characteristics of some of its superannuation. Mercer is expected to pay an \$11.3 million penalty under a proposed settlement with the corporate watchdog in a landmark case alleging the retail superannuation giant misled members about the sustainability of its investments. Were appropriate ESG policies in place or were not in practice to allow this to failure to occur?**
- 6.1.8 With the \$11.3million dollar fine being paid to ASIC for greenwashing in regard to Mercer sustainable plus growth fund will customers be compensated as well due to misleading information, greenwashing? Maybe all fees can be abolished for 5 years. Seems cheap in comparison to 11.3 million dollars. When will details of this be communicated to members of this fund (I am member)?**
- It's still the subject of ongoing legal proceedings so we're not able to provide you with a response at this time. Please be assured that we will not use members' funds to pay any penalty with respect to this matter.