

# FY2023 Annual Member Meeting

**Mercer Superannuation (Australia) Limited ABN 79 004 717 533 AFS Licence 235906**  
as trustee for

**Mercer Super Trust ABN 19 905 422 981**

## Minutes of the Annual Member Meeting

Held via Webinar, Wednesday 13 March 2024 6:00 PM AEDT

**Video Recording:** <https://mercersuper.me/mstamm24>

<b>Present:</b>	Ms Jan Swinhoe – Director/Chair
	Ms Sue O'Connor – Director
	Ms Pauline Vamos - Director
	Mr Darren Wickham - Director
<b>In Attendance:</b>	<b>Management:</b> Mr Tim Barber – Mercer, Chief Executive Officer Mercer Super; Ms Kylie Willment – Mercer, Chief Investment Officer; Mr Andrew Wallace – Personal Super and Member Experience Leader; Ms Carmen Lunderstedt – Mercer, Company Secretary; Mr Tim Price – Mercer, Commercial Manager; Ms Norlena Brouwer – Pacific Chief Risk Compliance Officer
	<b>Auditors:</b> Mr George Sagonas (PwC); Ms Fiona O'Keefe (Deloitte)
	<b>Actuaries:</b> Mr Julian Hotz, Mr Mark Nelson, Mr Richard Codron, Mr Guy Holley – (Mercer); Mr Luke Carroll, Mr David Lewis – (RSE Actuary); Mr Chris Porter, Mr Andrew West, Mr Ross McIntosh, Mr Nicholas Callil, Ms Jackie Downham – (Tower Watson); Ms Nerida Seccombe – (Heron); Ms Saffron Sweeney – (AON); Mr John Newman – (PFS)
<b>Apologies:</b>	<b>Directors:</b> Mr Jim Miller, Mr Jim Minto <b>Actuaries:</b> Mr Mark Samuels, Mr Tim Jenkins – (Mercer); Mr Philip Patterson – (Tower Watson); Mr David O'Keefe – (ALEA)

### Important Note

The information provided is general information and does not take into account your individual objectives, financial situation or needs. Before you act on this information you need to take into account your own financial circumstances, consider the Product Disclosure Statement for any product you are considering, and seek professional advice from a licensed, or appropriately authorised financial adviser if you are unsure of what action to take. The product Target Market Determinations can be found at [mercersuper.com.au/tmd](https://mercersuper.com.au/tmd).

## **Introduction and Welcome**

Mr Barber, CEO of Mercer Super, welcomed members to the Annual Member Meeting (AMM) for the Mercer Super Trust (MST), including members of Virgin Money Super, Kogan Super and TAL Super.

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

Mr Barber outlined the agenda for the meeting as follows:

- The Chair's address from Ms Jan Swinhoe, Chair of the Trustee Board.
- The fund update from Mr Barber, CEO of Mercer Super.
- An investment update from Ms Kylie Willment, Chief Investment Officer.
- A Q&A panel.

Mr Barber spoke to the following matters:

- Thanked members who had submitted questions at registration and advised that members could submit questions live during the meeting using the Q&A box.
- Advised that responses to all questions received would be published on the website along with the recording of the meeting by mid-April.
- Reminded members that the presentation information is of a general nature only and does not take into account the personal needs and circumstances of an individual.
- Advised that personal questions could not be addressed at the meeting, members were encouraged to contact the Mercer Super helpline for information.
- Introduced Jan Swinhoe to deliver the Chair Address.

## **Chair Address**

Ms Swinhoe, the Chair, introduced her fellow Trustee Board directors: Pauline Vamos, Jim Minto, Sue O'Connor, Darren Wickam, and Jim Miller.

Ms Swinhoe highlighted the significant growth in membership, from around 250,000 to more than 850,000 members, that the MST experienced in 2023 positioning it as one of the largest superannuation funds in Australia. She outlined the benefits that this growth afforded members, and acknowledged the initial challenges which were experienced in servicing the helpline and processing insurance claims.

Ms Swinhoe spoke to three key areas:

- Retirement planning using a personal story to demonstrate how members could approach planning for their retirement, and how Mercer Super can assist members.

- Mercer Super's advocacy in relation to reducing the gender super gap<sup>1</sup> and outlined some options individual members could consider to close the super gap, if appropriate to their circumstances.
- How Mercer Super can help vulnerable members experiencing financial hardship and those navigating ageing care with the Care & Living with Mercer (CaLM) service for members.

Ms Swinhoe thanked members for choosing Mercer Super and confirmed the fund's ongoing commitment to making a positive impact on the lives of its members.

## **Mercer Super Update**

Mr Barber highlighted that the MST had delivered on its commitment to grow by more than tripling membership to become one of the largest super funds in Australia and he spoke to the benefits that this growth provides members.

Mr Barber acknowledged the significance of superannuation as an asset for most members and spoke to the following points about how the MST compares to other funds:

- Mercer SmartPath® delivered investment returns of approximately 12% for the year ended 30 June 2023 for members aged under 55 years, which is above the SuperRatings Fund Crediting Rate Survey default fund median return of 9.3%. Further information is available in the 'Compare Us' and 'Investment Performance' sections of the website.
- Mercer's global size and expertise in managing US\$420 billion and the investment opportunities this presents for fund members.
- Membership growth has resulted in lower administration fees from 1 April 2023 and how the new fee structure compares favourably to industry average MySuper fees.
- Enhancements to member services can be funded by capital from the Marsh McLennan Group rather than member funds.
- The education, advice and support available to members at no extra cost.
- The value Mercer places on education advice to improving member outcomes.
- The unique CaLM service supporting members to navigate ageing care including presenting real life member experiences.

Mr Barber spoke about the MST's plans for the future including:

- Upgrades to the online hub and digital tools to expand online education, and enhance retirement and advice support.

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<sup>1</sup> Ms Swinhoe referred to Mercer's advocacy for the introduction of a 'Super Baby Balance Bonus' for primary caregivers. The recording of the Annual Member Meeting was edited to refer to advocacy for the introduction of a 'Super Baby Bonus' for primary caregivers.

- A major upgrade to the Mercer SmartRetirement Income product, including:
  - The introduction of a default option, 'SmartBundle' which combines changes in pension payments and investment options as a person ages.
  - More pension payment options, and greater flexibility to change pension payment amount and frequency, or investment option at any time.
  - The introduction of a Pension Transfer Bonus payable for eligible members when they move to an allocated pension product.
- New transition to retirement services and enhancements to the e-advice platform to assist members as they move into retirement, available at no extra cost to members.

To further support members to compare their super, Mr Barber informed members about a free super fund comparison tool called AppleCheck available on the website.

Mr Barber thanked members for placing their trust in Mercer Super and reiterated their ongoing commitment to grow and improve member benefits and services.

He introduced Kylie Willment to provide the Investment update.

## **Investment Update**

Ms Willment, Chief Investment Officer at Mercer, commenced by encouraging members to review their investment strategy to ensure it suited their needs and appetite for risk.

Ms Willment spoke to the overview of performance for the 2023 year, highlighting in particular:

- The 2023 financial year was a strong year for investment returns.
- The investment return for Mercer SmartPath® members born between 1974 and 1978 was 12.3% for the year to 30 June 2023, which was 3.0% higher than the median return of other default options available in the market.

Ms Willment spoke to the factors contributing to the strong return:

- Economic resilience despite high inflation and high interest rates.
- Mercer SmartPath® members aged up to early 50's are invested in a high growth investment strategy which enabled outperformance of default options offered by comparable peers, and delivered consistently strong long term returns over 3, 5 and 7 years.

Ms Willment spoke about the broader 2023 financial year investment performance:

- Providing an overview of Mercer SmartPath® as a 'lifecycle strategy' which automatically adjusts exposure to growth assets as a member ages.

- Noting that performance across all Mercer SmartPath® age groups was at or above expectations.
- Noting the results for the MST's most popular ready-made options, Mercer Conservative Growth to Mercer High Growth, all delivered returns aligned to their level of risk and the returns are consistently higher than the most comparable options offered by other super funds as per SuperRatings Fund Crediting Rate Survey results.

Ms Willment provided an update about more recent investment performance, noting:

- The strength in investment markets continued through the later half of 2023 resulting in strong positive returns across most major asset classes to 31 December 2023.
- Whilst there is confidence inflation is under control, there remains uncertainty around inflation and consequently the path of interest rates and future economic growth, as well as the potential impact of geopolitical events.
- Global equities finished the 2023 calendar year with a high return of 23%. The 'magnificent 7' companies made up approximately 40% of that return due to the future prospects associated with artificial intelligence (AI) and the recent evolution generative AI.

Ms Willment highlighted the 10 year anniversary of Mercer SmartPath® on 31 December 2023 and the top quartile performance for members born in the 1974 to 1978 age bracket of 7.4% per annum over the 10 years, and the calendar year return of 11.6% to 31 December 2023.

Ms Willment spoke to the current views of market outlook for 2024, which are subject to change, noting that:

- There remains a focus on the trajectory of inflation, level of interest rates, economic growth and geopolitical events.
- A soft landing for the global economy is the most likely scenario on the premise that inflation can be brought under control and economic growth softens.
- Superannuation affords members the opportunity to take a long-term view of investment markets.
- There are ongoing global conflicts, trade tensions and number of important elections during 2024.
- Mercer is poised to manage risk or take advantage of opportunities that may arise.

## Question & Answer Segment<sup>2</sup>

Mr Barber opened the Q&A section of the meeting, noting that over 700 questions were received prior to the meeting and a number had been received live during the meeting. He advised that as many as possible will be addressed during the Q&A forum and that full responses to all questions will be provided by the Mercer team and published on the website by mid-April.

Mr Barber noted that member questions specific to their personal situation cannot be addressed in a public forum and encouraged members with personal questions to contact the helpline team.

Mr Barber welcomed the following people to the panel:

- Jan Swinhoe, Chair;
- Kylie Willment, Chief Investment Officer; and
- Andrew Wallace, Personal Super and Member Experience Leader.

### **How do Mercer Super fees compare to other funds, particularly industry funds and how members can find out more information?**

Mr Barber responded:

- Mercer Super compares very well to other funds, including industry funds, as outlined earlier in the meeting.
- Additional resources are available to members to assist them to compare fees themselves including their 'Welcome' email, their latest Annual Statement and their BT Exit Statement if applicable.
- Further information about how Mercer Super fees compare with other super funds is available on the website on the 'Compare Us' page, which includes the AppleCheck comparison tool.

### **Can you explain how females, particularly younger females, can better plan for their retirement?**

Ms Swinhoe responded:

- Acknowledging retirement planning is an important financial goal and the gender super gap was spoken about earlier in the meeting.
- Outlining the range of resources available on the website and Mercer Online and how members may use these resources to assist their planning.
- Planning early allows members more time to grow their balance.

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<sup>2</sup> The Minutes reflect a summary of the Question & Answer Segment. Full responses to each question can be viewed in the video recording.

**Is there a way for me to see what the underlying investments are in my super including the companies that you invest in?**

Ms Willment responded:

- The Mercer Super website page called 'How your super is invested' will provide access to all of the portfolio holdings in each option.
- The information is updated twice a year at 30 June and 31 December.

**Can I use my super to purchase an investment property or to pay off an existing property?**

Ms Swinhoe responded:

- Noting that the purpose of superannuation is to help fund retirement, first and foremost.
- Providing an overview of the how superannuation can be used pre and post-retirement and that more detailed information is available on the Mercer Super website and on the Australian Taxation Office (ATO) website.

**How do I find out more about what insurance is available through my super account and how do I apply for that?**

Mr Wallace responded:

- Outlining where members can find information about insurance on their member online account and where more detailed information about insurance cover is available on the website.
- Providing an overview of how to apply for cover, and how to seek assistance with insurance cover levels.

**What steps is Mercer Super taking to reduce exposure to fossil fuel producers and increase exposure to renewable energy sources?**

Ms Willment responded:

- Managing climate change, risk and opportunities in the portfolio's is a very important issue for Mercer Super.
- Mercer Super has set a net zero target by 2050 for all of the assets under management within Mercer Super.
- Providing an overview of the climate action plan that is in place and highlighting the overall plan to transition overtime, navigating to net zero by 2050, in a way that is aligned ultimately with the best financial interests of fund members.

**What tools are available for members to help them get a better understanding of their super?**

Mr Barber responded:

- Noting that Mercer Super considers that the provision of education and advice for members is important.
- Outlining a range of resources that members can access to improve their understanding of their super.

**Why is it important to nominate your beneficiaries when it comes to super?**

Mr Wallace responded:

- It is important that members nominate their beneficiaries as superannuation is not considered part of an estate, and is not automatically distributed according to a members Will.
- If members have not nominated their beneficiaries the trustee will follow a process to determine who should receive their super.
- Outlining there is information about the rules around nomination of beneficiaries on the Mercer Super website.
- Outlining how members can nominate their beneficiaries via Mercer Online.

Ms Swinhoe agreed with Mr Wallace's response and encouraged members to nominate their beneficiaries if they haven't already done so.

**What was the reason for the BT Super transfer to Mercer Super and what were the benefits to members from that transfer?**

Ms Swinhoe responded:

- Highlighting that the number of super funds in the private sector has more than halved in the last 10 years.
- Outlining the key reasons the trustee decided to grow the MST via the BT Super transfer.
- Noting the enhanced member services including education, advice and Care and Living with Mercer.

Mr Barber noted that Ms Swinhoe's answer and the content he presented earlier demonstrate some of the value that is flowing to members from the growth of the MST.



### **Once I'm retired how do I access my super?**

Mr Wallace responded:

- Providing an overview of preservation age and rules regarding when members can access superannuation in retirement.
- Outlining the lump sum and pension options available to members.
- Noting the tax implications and the potential complexity of rules and highlighted the tools and resources available to help members navigate the path to retirement.

### **What retirement products does Mercer Super have available?**

Mr Wallace responded:

- Mercer SmartRetirement Income is Mercer Super's allocated pension product.
- Outlining a number of new features and enhancements to the pension product that are being developed which will be available later in the year.

Mr Barber agreed with Mr Wallace and noted that members who are over 50 will be kept informed of developments and Mercer Super intends to run a 'Planning for Retirement' webinar in July.

### **How do I get timely information on the performance of my super and what has impacted that performance on a monthly or quarterly basis?**

Mr Barber responded:

- Mercer Super emails members with a quarterly performance update that provides member with the latest information on the returns for the investment options and includes a commentary on what's happening in investment markets.
- Further performance information is available on the 'Compare Us' section of the website.

### **I'd like to know more about the different investment options available in Mercer Super and how are they invested.**

Ms Willment responded:

- Noting that there are a range of investment options on the Mercer Super menu.
- The Product Disclosure Statements lists the options that are available, and provides information on how they are invested, particularly their strategic asset allocation, their return objective, and their risk categorisation.

Ms Willment provided an outline of the options including:

- Ready made options such as the Mercer Smartpath®, the lifecycle strategy, allows members to be more hands off and there are a range of diversified options that span the risk return spectrum.
- ‘Select Your Own’ options for members who want to be more hands on, or take a particular type of tilt within their investment strategy.
- Sustainable options for members who want to take a stronger sustainability focus with their super.
- ‘Mercer Direct’ for members who want to be hands on to build a portfolio which may include Australian and global shares, exchange traded funds and term deposits.

**Can you explain how I can change my investment options in my super and what information I should be using to make that decision?**

Mr Wallace responded:

- Outlining how members can look at the different options available and change their investment option at any time.
- Noting the importance of considering the investment selection mix for your current balance, as well as the investment strategy for future contributions.
- Outlining the resources and tools available to help members change their investment options.
- Highlighted the Mercer SmartPath® investment option, noting the majority of mercer super members are invested in this option, and the historical investment results it has achieved.

**How does Mercer Super stay competitive to perform better and invest better than its competitors?**

Ms Willment responded:

- Highlighting the importance of delivering returns that set members up for, or help them live a great retirement, which are also really competitive compared to other super funds.
- Highlighting the benefits the strong local scale the MST has built and the advantages it has in being able to access the global scale and expertise available more broadly through Mercer’s global investment capability.

**Closing Remarks**

Mr Barber thanked all the panellists for their contributions to the Q&A discussion.

Mr Barber thanked Mercer Super members for joining the meeting and reminded them that the recording of the meeting, the meeting minutes, and answers to all questions including those that were not answered during the meeting, will be available on the website from mid-April.

Mr Barber reminded members that the information provided in the meeting is general information only and not tailored to their individual circumstances. He advised members that they will receive a follow up email after the meeting with links to some of the resources online, and encouraged members to provide feedback by completing the survey.

Mr Barber thanked members for being a Mercer Super member and joining the meeting.

## **Meeting Close**

The meeting closed at: 7:24 PM

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