

# Member Outcomes Assessment 2022/23

5 March 2024



# Introduction

Our purpose is to help turn members' retirement dreams into reality. This purpose is what drives our strategy to deliver great return outcomes and provide our members with help and advice across their lifetime.

## What is a Member Outcomes Assessment?

A Member Outcomes Assessment is a legislative requirement for all super funds to assess their performance in promoting the financial interests of members. The assessment considers performance, benefits and services provided to members, using various comparison and assessment factors.

## What does this Member Outcomes Assessment cover?

The information in this assessment covers the following products:

Brighter Super Accumulation  
Brighter Super Pension  
Brighter Super Optimiser Accumulation  
Brighter Super Optimiser Pension

## Our approach

Deloitte, an independent expert compared our MySuper and Choice products against other superannuation products available to members, referred to in this assessment as 'industry median' and other similar funds (either in size, membership profile or investment philosophy), referred to as 'peer group'.

The two key areas assessed on, as required under the law<sup>1</sup> are:

1. Fees, returns and investment risk (comparison factors)
2. Other options, benefits and facilities (assessment factors)

A five-point scale was utilised to provide a measure of our performance comparative to peers:

- **5** - outcomes significantly exceed peer group median or other benchmarks, e.g., when Brighter Super's performance is consistently above the benchmark
- **4** - outcomes exceed peer group median or other benchmarks
- **3** - outcomes in line with peer group median or other benchmarks
- **2** - outcomes fall short of peer group median or other benchmarks
- **1** - outcomes fall significantly short of peer group median or other benchmarks, e.g. when Brighter Super's performance is consistently below the benchmark



### Annual determination at 30 June 2023

On the basis of this review, it has been determined that the financial interests of members are being promoted by the Trustee. Further information about each assessment criteria can be found over the page.

<sup>1</sup> An Annual Outcomes Assessment is required under section 52(9) of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and SPS 515 Strategic Planning and Member Outcomes

# Comparison factors

## Fees, returns and investment risk

### Fees

We are a proud not-for-profit member fund, and our fees are set to recover the costs of running the fund, this includes the services and support we provide, and the cost of investing on behalf of our members. The table below is a summary of how our fees compare for each of our products.

*Fees and Costs assessment based on a \$50,000 balance <sup>2</sup>*

Product	Administration fees	Investment fees	Total fees <sup>3</sup>	Summary
<b>MySuper</b>	Brighter Super's administration fee is lower than the industry and peer group median.	Our investment fees are at median when compared with the industry.	Brighter Super's total fees are lower than the industry and peer group median.	<b>Brighter Super's total fees represent good value to members.</b>
<b>Brighter Super Accumulation - investment options</b>	Brighter Super's administration fee is lower than the industry and peer group median.	Investment fees for our ready-made choice options are higher than the peer group median, except for our Secure and Indexed Balanced options which are lower than the peer group.  Investment fees for our single asset class options are generally lower than the peer group median, with the exception of our Property option.	Brighter Super's total fees are broadly aligned to the peer group, albeit slightly higher for some options.  Fees on our more conservative options, including; Secure, Diversified Fixed Interest and Cash are all lower than the peer group.  Our Indexed Balanced option provides better value than the peer group.	<b>For our ready-made choice options, Brighter Super's total fees are competitive to our peer group.</b>  <b>Our total fees on our single asset class options are lower than the peer group, except for our Property option.</b>
<b>Brighter Super Pension - investment options</b>	Brighter Super's administration fee is lower than the industry and peer group median.	Investment fees for our ready-made choice options are higher than the peer group median, except for our Secure and Indexed Balanced options which are lower than the peer group.	When comparing total fees, Brighter Super's ready-made choice option fees are broadly aligned to the peer group.  Our single asset class options provide better value than the peer group, specifically our Australian Shares, International Shares, Diversified Fixed Interest and Cash options.	<b>For our ready-made choice options, our total fees are broadly aligned to our peer group.</b>  <b>Our total fees on our single asset class options are lower than the peer group, with the exception of our Property option.</b>

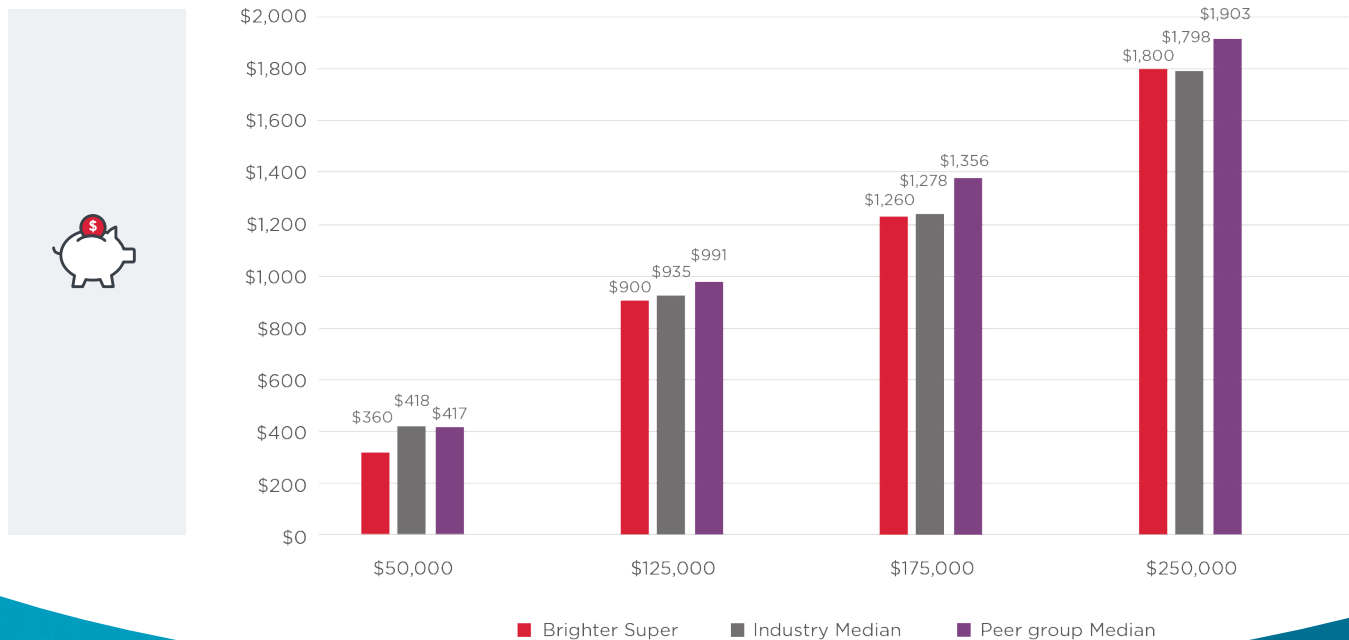
Product	Administration fees	Investment fees	Total fees	Summary
<b>Brighter Super Optimiser Accumulation - investment options</b>	The administration fee on the Optimiser product is greater than the peer group median.	Investment fees on the ready-made choice options are lower than the peer group, except for the Conservative option.  Our single asset class options are lower than the peer group except for our Cash and International Shares options.	Our ready-made choice and single asset class options are more expensive than the peer group.	<b>Total fees are more expensive than the peer group.</b>  <b>Exceeding the median is largely driven by the historical administration fee under the former SPSL Master Trust.</b>  <b>This fee was reduced from 1 June 2023, and will be further reduced in 2024.</b>
<b>Brighter Super Optimiser Pension - investment options</b>	The administration fee on the Optimiser product is greater than the peer group median.	Investment fees on the ready-made choice options are lower than the peer group, except for the Conservative option.  Our single asset class options are lower than the peer group except for our Cash and International Shares Multi Manager option.	Our ready-made choice options are more expensive than the peer group, except for our High Growth option, which is lower than the peer group.	<b>Total fees are more expensive than the peer group.</b>  <b>Exceeding the median is largely driven by the historical administration fee under the former SPSL Master Trust.</b>  <b>This fee was reduced from 1 June 2023, and will be further reduced in 2024.</b>

<sup>2</sup> Source: APRA Quarterly MySuper Statistics (June 2022)

<sup>3</sup> Total fees are the combined administration and investment fees

The following chart shows a comparison of the total MySuper fees, our largest product, versus industry and peer group medians for different account balances.

**Total annual fees for differing account balances**



3 out of 5

### Our focus:

Our MySuper fees are competitive. Our Brighter Super Accumulation and Pension ready-made choice investment fees are higher than the industry and peer group medians, except for our Secure option. A key focus for the 2023/24 financial year and beyond is to reduce our investment related costs. Our administration fees have reduced for most members over the past couple of years as a result of our mergers, and we expect further reductions overall to occur across both administration and investment fees in 2024 and 2025.

## Investment returns and risk

### MySuper investment option

Our MySuper option net return to 30 June 2023 outperformed the industry median for the 12 months ended 30 June 2023, delivering a return of 10.28%, against the industry median of 8.68%, whilst this outperformance is positive, the option has underperformed the industry median over longer time periods.

### Brighter Super Accumulation investment options

Brighter Super's ready-made choice investment options have outperformed the industry median over the 12 months to 30 June 2023, with the exception of our Socially Responsible Balanced option which underperformed the industry median over the 12 months. Our more conservative options such as Conservative Balanced and Stable delivered returns in excess of the industry median over longer time periods, while our growth options have slightly underperformed.

### Brighter Super Pension investment options

All pension investment options outperformed the industry median over the 12 months to 30 June 2023. Over longer time periods, the Growth option outperformed over 3 and 5 year periods, as did the Stable option.

### Brighter Super Optimiser Accumulation investment options

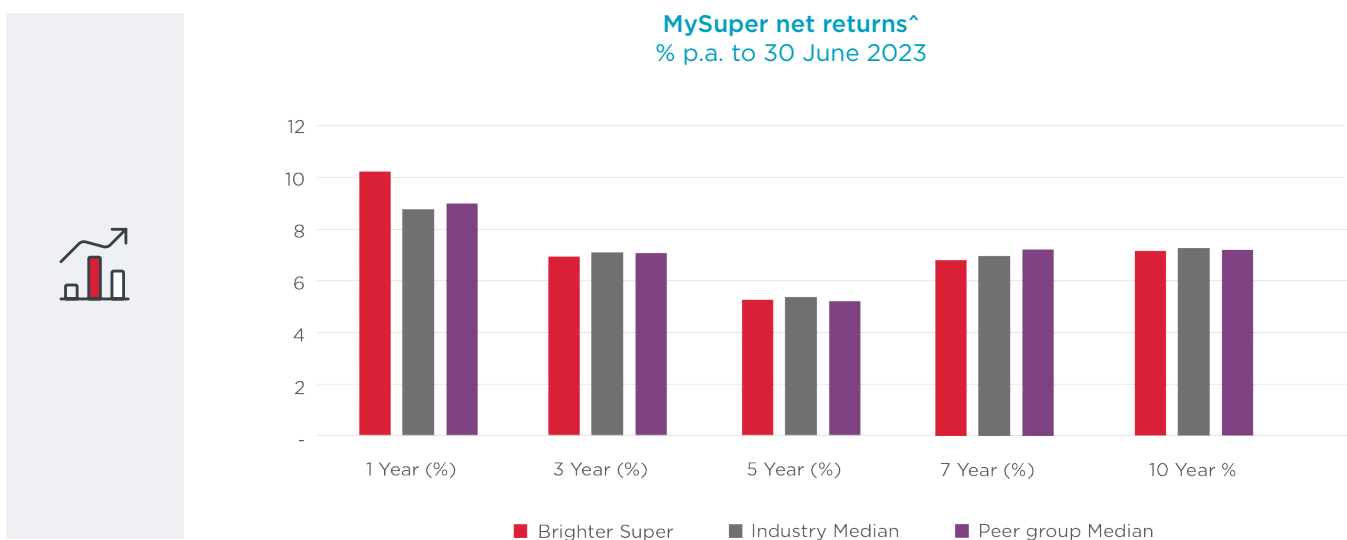
The Optimiser ready-made multi-manager choice options all outperformed the industry median over 1, 3 and 5 year periods.

The single asset class options outperformed the industry median for most periods, with the exception of the Australian Shares Value Fund, Australian Shares Multi Manager Fund, Global Property and Cash Fund.

### Brighter Super Optimiser Pension investment options

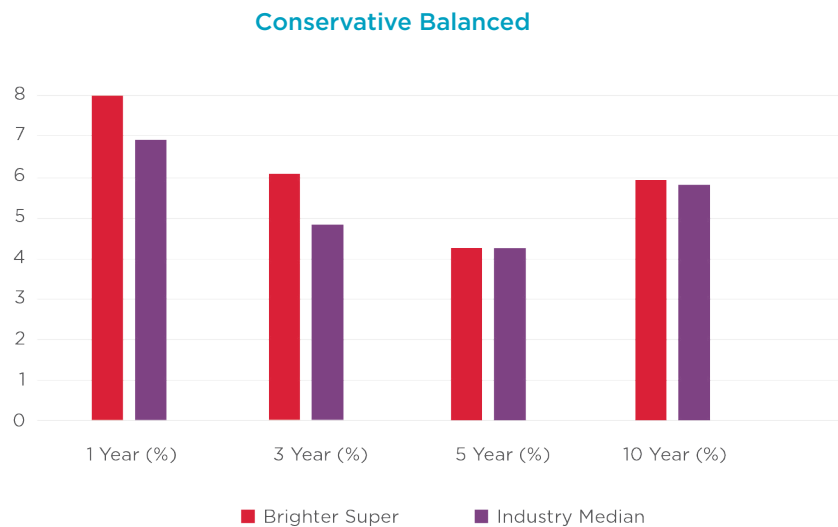
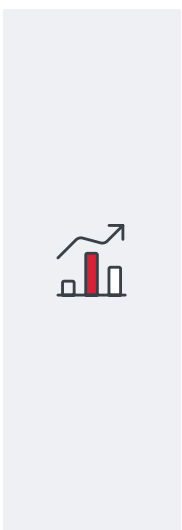
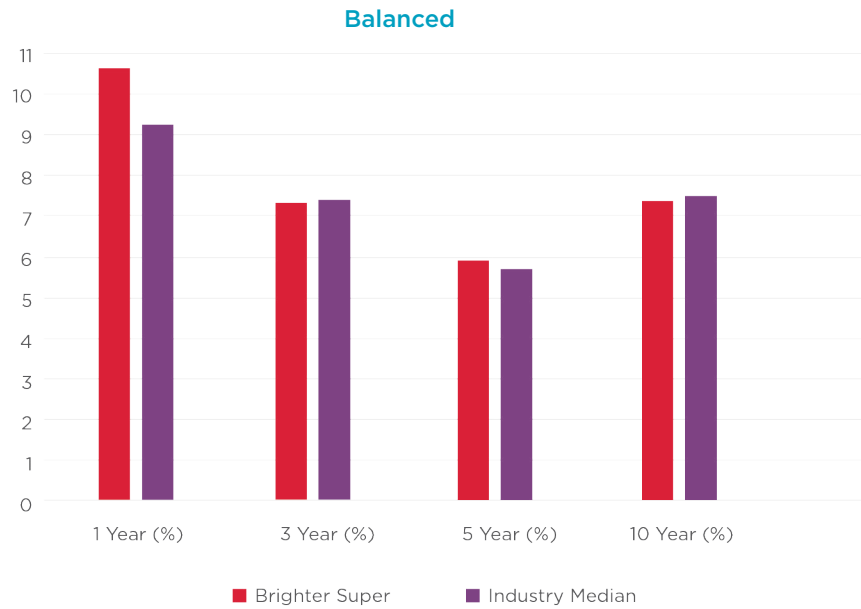
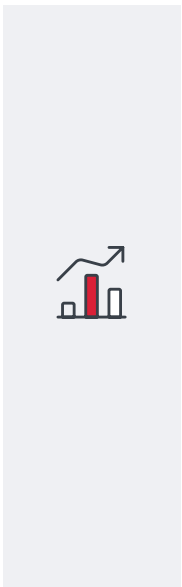
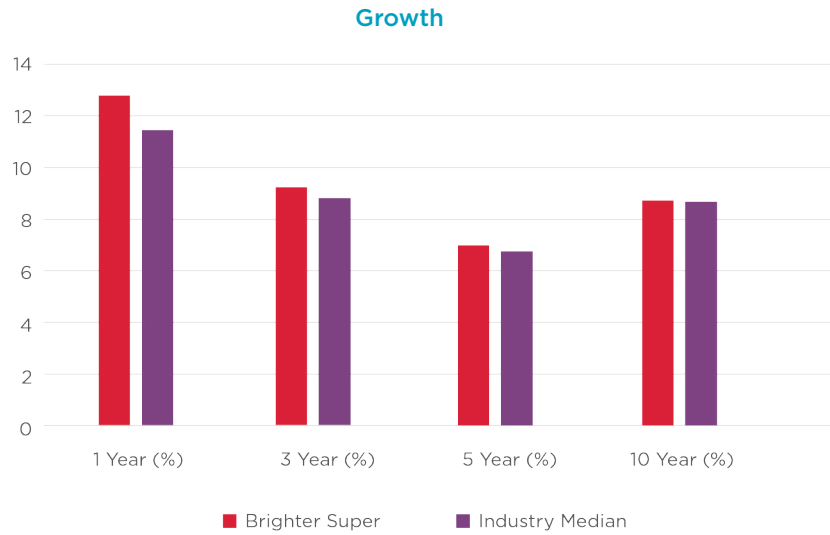
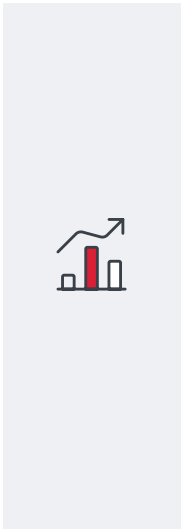
The Optimiser ready-made multi-manager choice diversified options all outperformed the industry median over 1, 3 and 5 year periods.

The single asset class options outperformed the industry median for most periods, with the exception of the Australian Shares Multi Manager Fund, Global Property and Cash Fund, which underperformed over one year, however delivered returns over the industry median at three and five years.

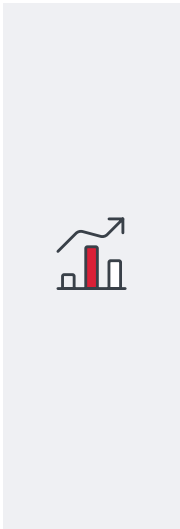


^net return is net of investment fees, and costs, administration fees and tax, for a \$50,000 balance.

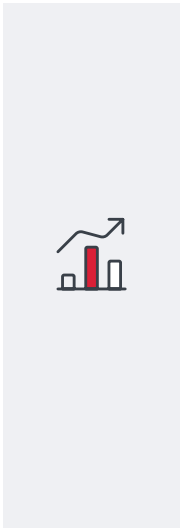
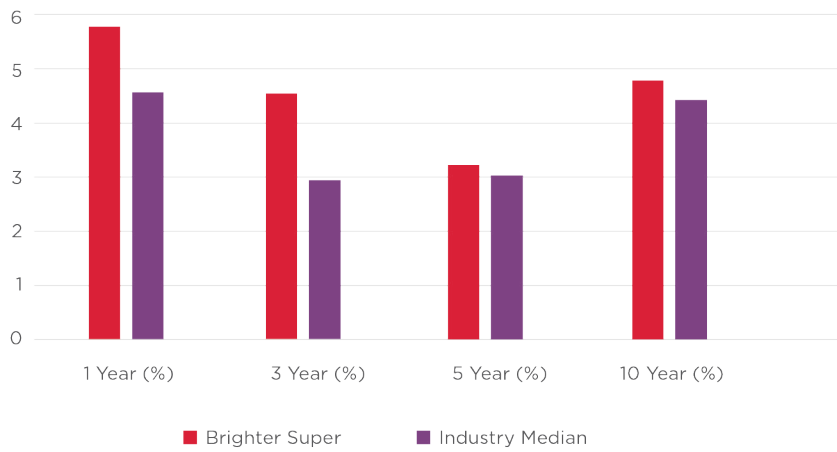
Source: APRA Quarterly MySuper Statistics (June 2023) and SuperRatings Member Outcomes Extract 2022/23.



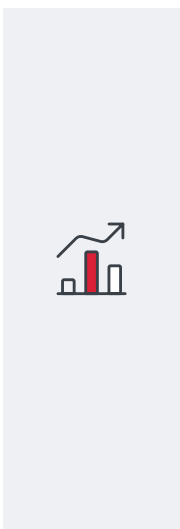
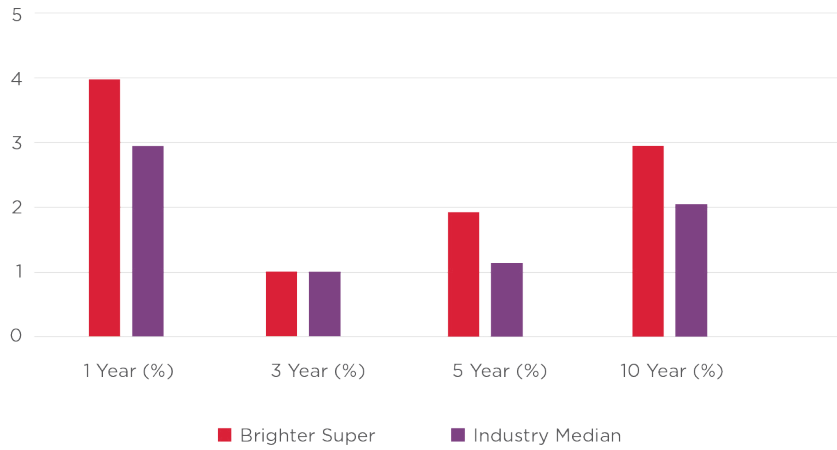
\*net of investment fees and costs and tax. Brighter Super returns are also net of percentage based administration fees.



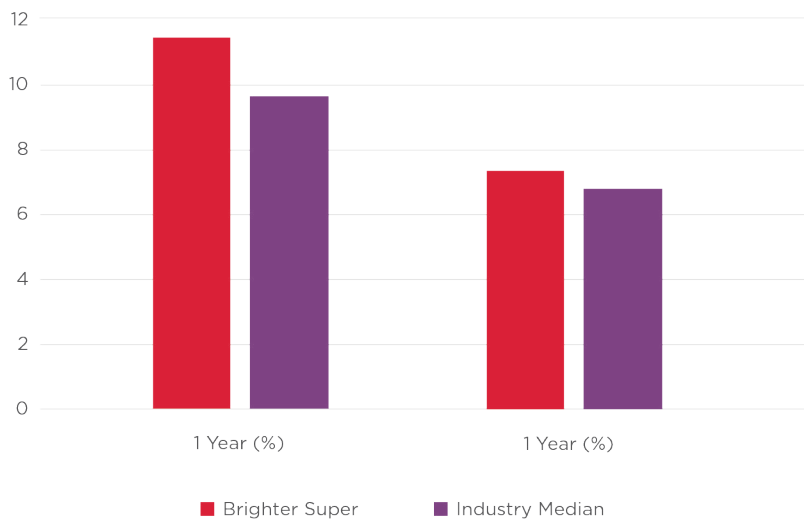
**Stable**



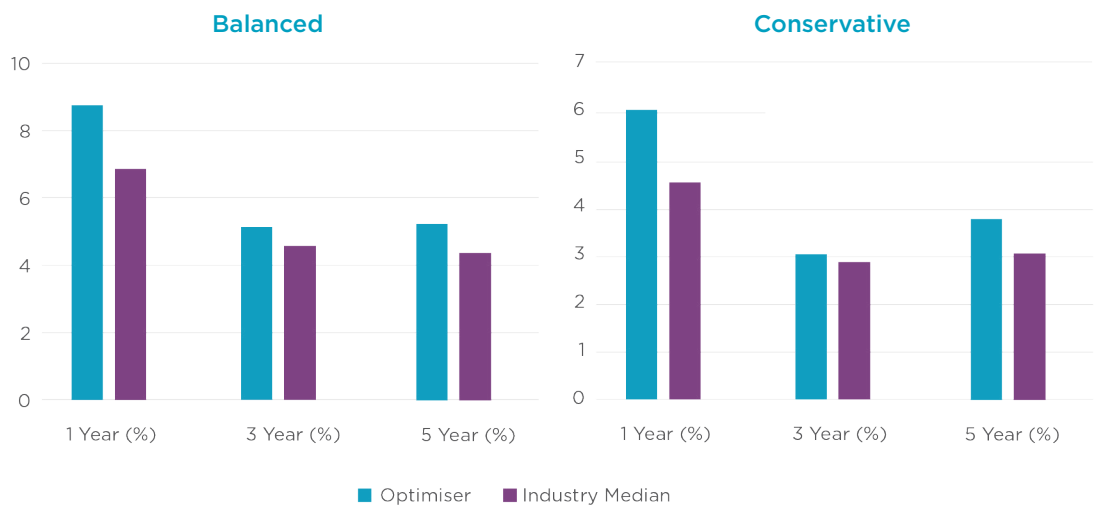
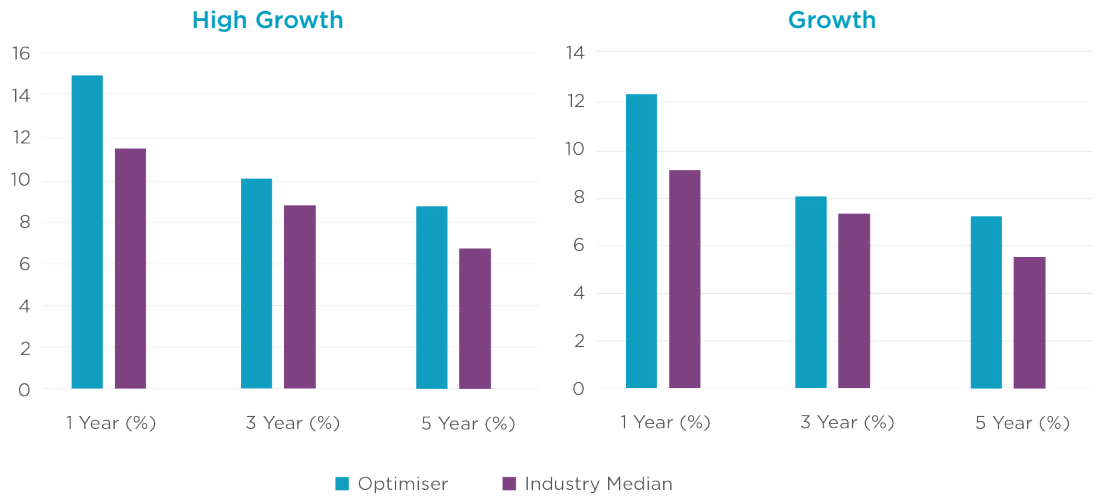
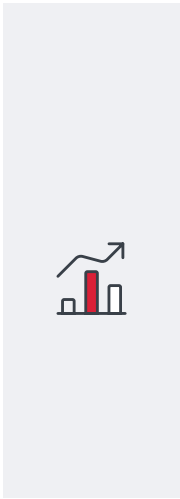
**Secure**



**Indexed Balanced (Passive)**



\*net of investment fees and costs and tax. Brighter Super returns are also net of percentage based administration fees.



\*net of investment fees and costs and tax. Optimiser returns are gross of administration fees and costs. Options commenced less than 7 years ago.

## Investment returns and risk

The level of risk we take to achieve our target returns is an important consideration. Each asset class performs differently and carries different risks. Our team together with our investment managers continually monitor and evaluate these risks, with the goal of maximising investment returns with acceptable levels of risk. Deloitte's analysis concluded the level of investment risk is appropriate or generally appropriate for each of the investment options.

3 out of 5

### Our focus:

During the 2023/24 financial year, we will continue to focus on improving our investment performance against benchmark returns and peers. As noted in the assessment, our short-term performance has improved, through a combination of both strategic and tactical changes made over the previous period, we expect this improvement to continue, which will lead to improvements in our longer-term returns.

Additionally, as a result of our recent mergers we will be making changes to our investment menu which will be completed in 2024 financial year. For members this means a simplified menu of investment options, while still providing members with flexibility and choice to meet their personal investment needs and preferences.



## Other options, benefits and facilities

These additional assessment factors demonstrate the value we deliver for our members.

### Member Servicing

Administration Services and Member Services, including member education are rated as 'Excellent' which is the highest rating achievable<sup>4</sup>. We are proud of the services we offer our members and will continue to invest and develop in these, to ensure our members have the information and help they need to turn their retirement dreams into reality.

### Investment strategy

#### Investment menu

Brighter Super's investment menu consists of seven ready-made choice investment options, five single asset class investment options, and two socially responsible options. This is a broad investment menu, which caters for different risk attitudes of members. We do not currently offer a high growth option, this type of option typically invests more than 91% of assets in growth assets, however members can increase their growth asset allocation through investing in our Australian Shares, International Shares and Property investment options.

#### APRA Your Future Your Super Performance Test

Our MySuper option passed the annual performance test, with a score of 0.18%, an improvement of 0.35% on the previous year.

### Insurance strategy and fees

#### Premiums

Our premiums for Death and Total and Permanent Disablement (TPD) cover are affordable. The analysis found that only members that are classified as blue collar and are under the age of 25 exceed the benchmark of 1% of median salary, this is due to the type of cover offered, occupation category and level of income for this younger membership cohort.

#### Claims handling

Our claims handling processes are rated in line with or better than the industry standards for both claims approvals and claims processing.<sup>5</sup>

<sup>4</sup> Source: SuperRatings SMART2, Product Comparison, Brighter Super, accessed February 2023.

<sup>5</sup> Source: SuperRatings Benchmark Report 2023.

4.5 out of 5

### Investment Strategy

*Our focus:*

*We will continue to monitor the performance of our external investment managers to deliver the best outcomes for our members. A strategic review of our investment menu will be completed in the 2023/24 financial year to review the options available for members, with implementation of recommended changes to be delivered within the financial year.*

4.5 out of 5  
Insurance Strategy

3 out of 5  
Insurance Fees

### Insurance Strategy and fees

*Our focus:*

*We will continue to ensure that we offer fit for purpose insurance products, providing a sufficient level of cover to protect our members and their families, with the flexibility to increase cover when their life events require it.*

## Operating costs

Our operating costs on a per member basis are higher than the peer group and industry median, however pleasingly improved on the prior year. For the financial year to 30 June 2023, we invested in integration work to complete the administration migration of Energy Super members and the successor fund transfer of the Suncorp Portfolio Services Limited (SPSL) Master Trust. This resulted in higher operating costs which were expected and planned for over the financial year.

As we realise the benefits of our recent mergers and our outsourced administration partnership, we expect the operating costs to reduce in 2024 and 2025.

## Scale

We are a proud mid-sized boutique fund, and our average operating cost per member is higher than some others. As part of our strategy, LGIASuper merged with Energy Super on 30 June 2021, and the Suncorp Portfolio Services Limited (SPSL) Master Trust on 31 May 2023, forming a \$31 billion super fund, with over 230,000 members. We expect to see further reductions in operating costs per member in 2024 and 2025 because of this activity. Pleasingly, Deloitte also concluded that Brighter Super members are not disadvantaged because of the scale of our operations on the basis that the investment, insurance, and facilities we provide to members are at or well above industry standards.

## Basis for setting fees

Our basis for setting fees is appropriate for the membership and fees are set to provide good value for our members, whilst being competitive, sustainable and simple to understand.

Our investment option fees change in line with the asset allocation of the investment options, and the fees charged by external investment managers. Where performance fees are included, these promote members financial interests as they are contingent on outperformance by the fund manager.

This Member Outcomes Assessment has been produced by LGIASuper Trustee (ABN 94 085 088 484 AFS Licence No.230511) as trustee for LGIASuper (ABN 23 053 121 564), trading as Brighter Super. Any questions regarding this statement can be referred to Brighter Super by calling us on 1800 444 396 or emailing us at [info@brightersuper.com.au](mailto:info@brightersuper.com.au).

Information contained in this report is general advice only and does not take into account your personal objectives, financial situation or needs. Consider if this information is appropriate for you, in light of your circumstances, before acting on it. Obtain and consider the TMD and PDS before deciding at [brightersuper.com.au](http://brightersuper.com.au). Past performance is not a reliable indicator of future performance.

2.5 out of 5

### Operating costs Our focus:

*We will continue to focus on delivering the benefits from our recent mergers and operating costs per member are expected to continue to reduce over 2024 and 2025.*

3 out of 5

### Scale Our focus:

*Our scale has significantly improved following our recent mergers having increased to over 230,000 members and over \$31 billion in assets. We will continue to increase scale with a focus on organic growth.*

3 out of 5

### Basis for setting fees Our focus:

*Our current fee settings are competitive, however a strategic review of our fees to ensure ongoing competitiveness and sustainability of the fund will take place in the 2023/24 financial year.*

3.5 out of 5

### Brighter Super overall score:

*On the basis of this assessment, Brighter Super has promoted the financial interests of members over the 12 month period to 30 June 2023. We recognise that there are areas for improvement in this assessment, which will form part of our business planning and review process. The Trustee Board formally approved this assessment on 6 February 2024.*