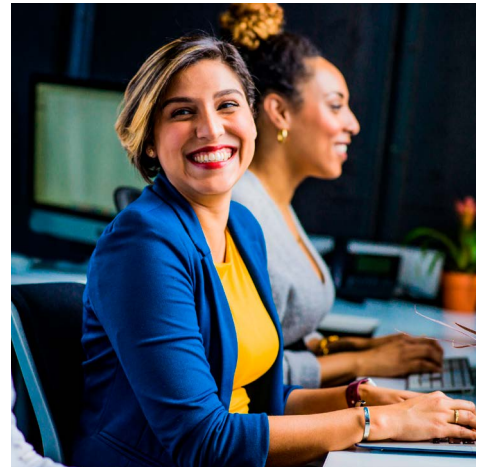




# Hostplus Member Outcomes Assessment

Financial year ending 30 June 2021



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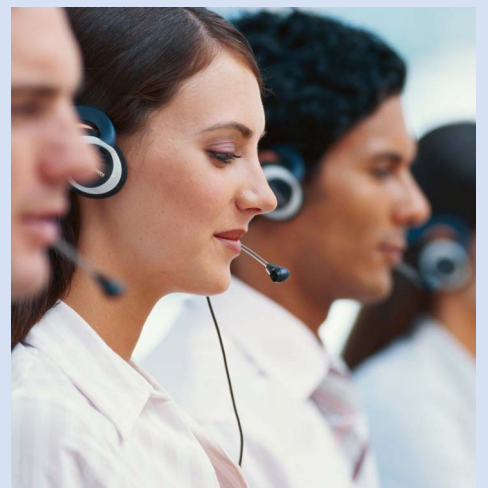


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## Important information

Information contained within this report is general advice only and does not take into account your personal objectives, financial situation or needs. You should consider if this information is appropriate for you, in light of your circumstances, before acting on it. Please read the relevant Hostplus Product Disclosure Statement (PDS) before making a decision about Hostplus. For a description of the target market, please read the Target Market Determination (TMD), available at [hostplus.com.au](http://hostplus.com.au). Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a superannuation fund. You may also find it beneficial to obtain advice from a licensed financial adviser. Issued by Host-Plus Pty Limited ABN 79 008 634 704, AFSL 244392 as trustee for the Hostplus Superannuation Fund (the Fund) ABN 68 657 495 890, MySuper No 68 657 495 890 198. HP1918 03/22



# Introduction

Hostplus' Member Outcomes Assessment demonstrates how the Hostplus' MySuper and choice investment options, products and services promote the best financial interests of Accumulation and Pension members, both now and into the future.

As a proud industry super fund, everything we do at Hostplus is in the best financial interests of our members. This ranges from the products and services we deliver, to the investments we manage on our members behalf.

We not only work hard to optimise the Fund's investment performance on our members' behalf, but also work constantly to keep our operating costs low, so they enjoy the best possible outcomes in retirement.

Our primary purpose is to deliver the best long-term net returns for our members so they may enjoy the dignified retirement they deserve. This report is an important guide as to how we aim to achieve this objective.

## **Overview of determinations for the financial year ending 30 June 2021:**

**Scale** – Based on a comparison of overall membership, funds under management, investment performance and 3-year sustainability metrics from the latest Australian Prudential Regulation Authority (APRA) MySuper Heatmap, Hostplus continues to be one of the largest superannuation funds in the country with strong capabilities to leverage economies of scale in promoting the best financial interests of members.

**Investment strategy** – Hostplus offers its members a range of investment options with different asset allocation and risk profiles to suit the needs of individual members. Based on a benchmark assessment of long-term net investment returns and net benefit returns to members, Hostplus' investment options meet the best financial interests of the Fund's members.

**Fees** – Based on benchmark comparisons of total fees and costs, which are deducted from a member's account<sup>1</sup>, Hostplus offers cost competitive products across both Accumulation and Pension products.

**Operating costs** – Based on a comparison of costs per member based on APRA Annual fund-level data as at 30 June 2021, Hostplus is operating efficiently in the best financial interests of members.

**Insurance strategy and fees** – Based on affordability and cost benchmarking, with consideration for the quality of the Hostplus insurance offering, Hostplus' standard default insurance supports the best financial interests of members.

**Options, benefits and facilities** – Based on the utilisation of additional services by Hostplus members, and the benefit they provide to the membership, Hostplus' services support the best financial interests of members by promoting the best outcomes for members.

These determinations were reviewed and approved by the Hostplus Trustee Board on 8 March 2022.

1. Hostplus has adopted the fee and costs disclosure requirements contained in ASIC Regulatory Guide 97 on 13 October 2021, after the financial year ending 30 June 2021. Under those requirements, costs deducted from administration reserves form part of the administration fee disclosed in the Hostplus PDS. Those amounts deducted from reserves may change in the future.

# Hostplus year in review

Financial year ending 30 June 2021

The following is a snapshot of the Fund's position and key achievements over the past financial year:

- Hostplus has 1.3 million members and \$62 billion in funds under management (FUM). According to APRA data, this makes Hostplus the 4th largest superannuation fund in Australia by members and the 14th largest by FUM. This scale makes it possible to keep per member operating costs low, negotiate better arrangements with investment managers and other service providers, and provide access to a wider range of assets (e.g. unlisted infrastructure and venture capital opportunities).
- Over the past financial year, Hostplus' funds under management, membership and participating employers have all grown, demonstrating that the Fund has the scale and resilience to withstand the challenges posed by the COVID-19 pandemic while continuing to deliver desirable outcomes for members.
- A total of \$1.4 billion was paid to 178k members under the COVID-19 early release of super scheme in FY2021.
- The member administration fee we charged to members' accounts in the financial year to 30 June 2021 was at most \$1.50 per week, or \$78 per year, regardless of a member's account balance.<sup>1</sup> This provided market leading value to members.
- To assist members in becoming more engaged with their superannuation and make monitoring their account easier, Hostplus released its mobile App in 2020. Uptake has been strong, and feedback has been excellent.
- The Fund introduced its updated Socially Responsible Investment (SRI) – Balanced Option, the design of which was assisted by extensive consultations with Hostplus members. The Hostplus SRI was rated as one of the best performing sustainable options in Superratings' "Fund Crediting Rate Survey – Sustainable Investment Survey June 2021."
- Hostplus refreshed its FY21-23 strategy, which continues to seek to maintain low costs for members by continuing to build scale, improve engagement with members, and ultimately to further improve and optimise member financial outcomes in retirement.

1. Hostplus has adopted the fee and costs disclosure requirements contained in ASIC Regulatory Guide 97 on 13 October 2021, after the financial year ending 30 June 2021. Under those requirements, costs deducted from administration reserves form part of the administration fee disclosed in the Hostplus PDS. Those amounts deducted from reserves may change in the future. For information in relation to a new trustee fee from March 2022, please refer to our Significant Event Notice (SEN), available at [hostplus.com.au](https://hostplus.com.au).

## Scale

Despite the impacts of the COVID pandemic and related lockdowns on the Australian economy throughout the financial year 2020-21, Hostplus performed strongly, growing its scale in FUM and membership. Based on APRA Annual fund-level data for June 2021, Hostplus is the 4th largest fund by membership and 14th largest by funds under management. It is this scale that allows the fund to maintain one of the lowest administration fees<sup>1</sup>, keep downward pressure on investment costs and negotiate high quality yet value-for-money group life insurance for our members.

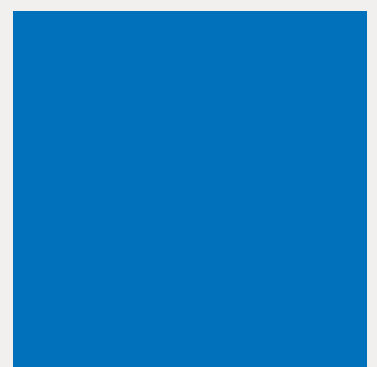
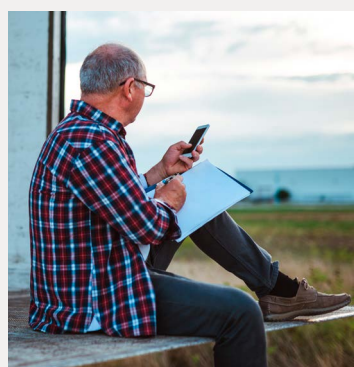
Hostplus is well placed to build on its current scale into the future. Hostplus not only passed APRA's Your Future, Your Super Performance Test metric,<sup>2</sup> but also had the 3rd highest scores in all of APRA's 3-year sustainability metrics for single strategy options in APRA's latest MySuper Heatmap.<sup>3</sup>



1. Source: SuperRatings fee data for public offer MySuper products extracted from SMART platform on 19/08/2021. Comparison is based on the total administration fees and costs assuming a \$50k account balance.

2. APRA Heatmap – MySuper Products 16 December 2021: Performance Test metric, Performance Test Pass / Fail indicator.

3. APRA Heatmap – MySuper Products 16 December 2021: RSE Adjusted Total Accounts Growth Rate (3-yr average), RSE Net Cash Flow Ratio (3-yr average), RSE Net Rollover Ratio (3-yr average).



## Investment strategy

Hostplus' investment strategy is developed by Hostplus' board to seek to create a high probability of attaining the outlined objective of each of the Fund's investment options. Hostplus' investment strategy is based on the core principles of resilience and stability. We seek to ensure the overall portfolio is resilient to withstand market volatility and put in place appropriate risk management policies to achieve stability of the Fund.

Hostplus' choice investment options provide varying degrees of risk and return to suit the needs of individual members. If they so choose, members can switch options without any fees, and can allocate their superannuation funds across multiple options.

Description	Option	Member funds under management at 30 June 2021 (millions) <sup>1</sup>	% of FUM in option
<b>Pre-mixed investment options aim to produce consistent returns over time through investing in a mix of growth and low risk investments.</b>	Balanced (MySuper)	\$42,209.17	68.99%
	Capital Stable	\$694.83	1.14%
	Conservative Balanced	\$1,482.77	2.42%
	Socially Responsible Investment (SRI) – Balanced	\$231.33	0.38%
	Indexed Balanced	\$9,800.42	16.02%
	Shares Plus	\$1,673.75	2.74%
<b>Sector investment options allow members to select percentages of asset classes in their portfolios, depending on their investment objectives.</b>	Cash	\$899.80	1.47%
	Diversified Fixed Interest	\$246.04	0.40%
	Property	\$207.37	0.34%
	Infrastructure	\$63.56	0.10%
	Australian Shares	\$828.88	1.35%
	International Shares	\$527.33	0.86%
	International Shares – Indexed	\$500.28	0.82%
	International Shares (Hedged) – Indexed	\$115.11	0.19%
<b>Individual manager investment options allow members to maintain additional control.</b>	Macquarie Investment Management – Australian Fixed Interest	\$45.50	0.07%
	BlackRock Asset Management – International Fixed Interest	\$19.01	0.03%
	Industry Super Property Trust – Property	\$73.71	0.12%
	Lendlease managed Australian Prime Property Funds (Retail, Commercial and Industrial) – Property	\$33.11	0.05%
	IFM – Australian Infrastructure	\$191.85	0.31%
	IFM – Australian Shares	\$347.98	0.57%
	Paradice Investment Management (Small Cap) – Australian Shares	\$77.29	0.13%
	Neuberger Berman – International Shares	\$30.18	0.05%
<b>The Choiceplus, or direct, investment option has been developed for members who want a more active role in the investment and management of their super or pension.</b>	Choiceplus	\$830.20	1.36%
<b>Other</b>		\$56.20	0.09%
<b>Total</b>		<b>\$61,185.66</b>	<b>100.00%</b>

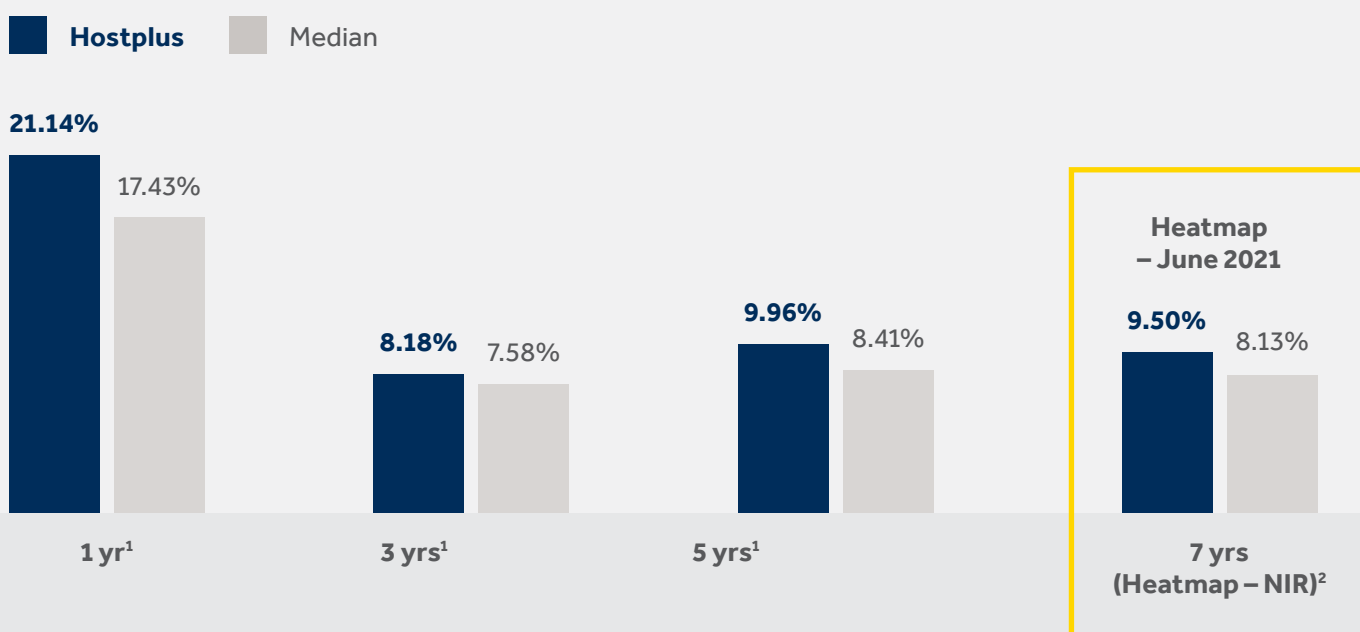
1. The total of member funds under management does not include reserves (administration, residual, ORPR and insurance) that form part of the total funds managed by Hostplus. For further detail, please refer to the Hostplus Superannuation Annual Report for financial year 2021.

## Hostplus MySuper (Balanced) net returns & investment risk

Hostplus' MySuper (Balanced) option has achieved above-median results across medium-term investment timeframes (3 and 5 years) when compared to other MySuper products measured by APRA.<sup>1</sup> Refer to the table below for details.

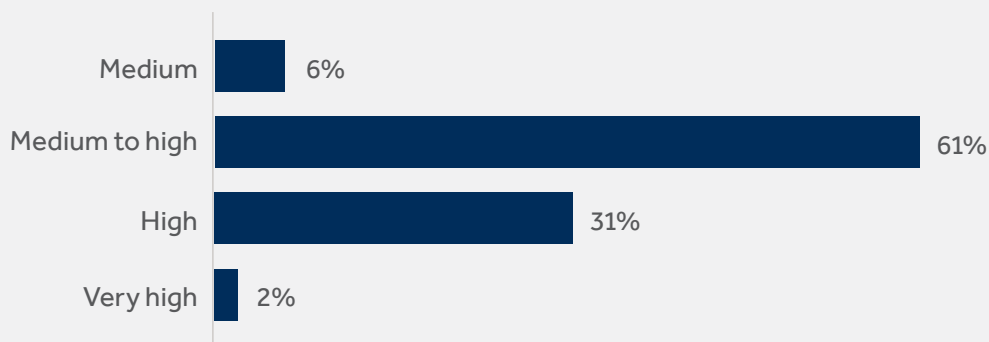
The Hostplus MySuper option has importantly passed the inaugural APRA Performance Test and had one of the highest Performance Test metric scores (0.96%) of the 71 funds evaluated as at 30 June 2021.<sup>2</sup> Over the APRA MySuper Heatmap's longest 7-yr comparison period, Hostplus was one of the top performing funds, comfortably exceeding the median return for the period.<sup>2</sup>

### Hostplus vs median fund MySuper net returns<sup>1</sup>, including MySuper Heatmap returns<sup>2</sup>



Similar to most MySuper products, Hostplus' MySuper (Balanced) option has a "medium to high" risk level, with negative returns expected in between 3 and 4 out of every 20 years<sup>1</sup>. Despite the expectation of this risk profile, Hostplus' MySuper option has delivered a negative annual return on only four occasions in its 33-year history.

### All MySuper products – level of investment risk<sup>1</sup>



1. APRA Quarterly MySuper Statistics June 2021 based on 52 funds – Table 2a (Representative member) (based on Reporting Form SRF 702.0 Investment Performance). Past performance is not a reliable indicator of future performance.

2. APRA MySuper Product Heatmap (16 December 2021), only funds with a Performance Test metric result.

## Hostplus' overall strategic objective

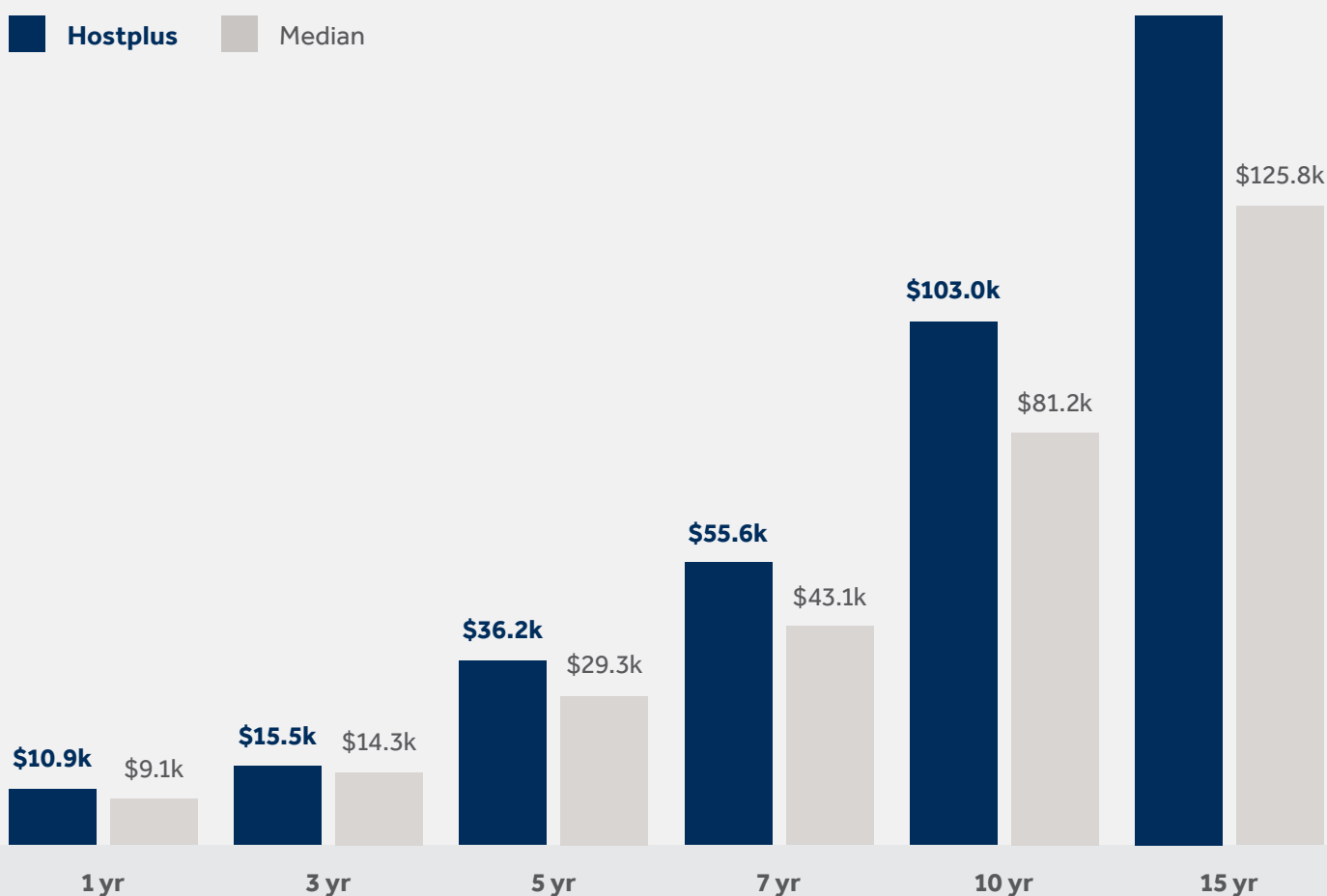
Hostplus' overall strategic objective is to maximise retirement outcomes for members. A key component of that objective is for our MySuper (Balanced) option to exceed the median 5-year net benefit for all Balanced funds.

Hostplus has always maintained that **net benefit** is the best measure of value delivered by super funds to their members, especially over the longer term.

The net benefit measure represents total investment returns minus all investment costs and administration fees. It provides members with a concise measure of their overall investment outcome. Our 5-year net benefit objective for the Hostplus Balanced option is relevant to the majority of Hostplus members, as over 80% of members invest in the MySuper option.

At 30 June 2021, Hostplus' 5-year net benefit (\$36,200) for the MySuper option exceeded the median for all funds (\$29,300).<sup>1</sup>

### Hostplus vs median fund net benefit outcomes at June 2021<sup>1</sup>



1. Superratings SMART2 Net Benefit Tool June 2021, extracted 19/12/2021. Median is for all Balanced options as measured by Superratings.

Hostplus has adopted the fee and costs disclosure requirements contained in ASIC Regulatory Guide 97 on 13 October 2021, after the financial year ending 30 June 2021. Under those requirements, costs deducted from administration reserves form part of the administration fee disclosed in the Hostplus PDS. Those amounts deducted from reserves may change in the future.



## Hostplus investment returns – choice options

The vast majority of Hostplus' members (94%) and funds under management (85%) sit within the Fund's Balanced and Indexed Balanced investment options. As at 30 June 2021, both options exceeded the median returns for all Balanced options as measured by SuperRatings (SR) over a rolling 7-year period, with the Balanced option easily exceeding the median over all time periods (1, 3, 5, 7, 10, 15 and 20-years).<sup>1</sup> All returns listed in the table are net of, or after, investment fees, costs and taxes.

Hostplus' individual manager options, although having outperformed their individual benchmarks, were recently reviewed with regard to relative performance to, and overlap with, the Fund's pre-mixed and sector options. As a result of this review, Hostplus will formally close all eight individual manager options on 30 June 2022. For further information, please check the Significant Event Notice issued on 8 February 2022 and available on our website.

Hostplus option	Benchmark	Hostplus 7-yr return (average per annum)	Benchmark median 7-yr return
Balanced <sup>1</sup>	SR Balanced (60-76)	9.49%	7.79%
Indexed Balanced <sup>1</sup>	SR Balanced (60-76)	8.49%	7.79%
Capital Stable <sup>1</sup>	SR Capital Stable (20-40)	5.01%	4.53%
Conservative Balanced <sup>1</sup>	SR Conservative Balanced (41-59)	7.24%	6.18%
Socially Responsible Investment (SRI) <sup>1,2</sup>	SR Balanced (60-76)	8.85%	7.88%
Shares Plus <sup>1</sup>	SR Growth (77-90)	10.83%	8.77%
Cash <sup>1</sup>	SR Cash	1.36%	1.49%
Diversified Fixed Interest <sup>1</sup>	SR Diversified Fixed Interest	4.19%	3.21%
Property <sup>1</sup>	SR Property	8.30%	7.45%
Infrastructure <sup>3</sup>	MSCI Australia Quarterly Private Infrastructure Fund Index (All funds, Unfrozen)	8.49%	9.17%
Australian Shares <sup>1</sup>	SR Australian Shares	10.06%	8.56%
International Shares <sup>1</sup>	SR International Shares	12.30%	11.73%
International Shares – Indexed <sup>1,2</sup>	SR International Shares	13.07%	12.31%
International Shares (Hedged) – Indexed <sup>1,2</sup>	SR International Shares	12.46%	12.31%
Macquarie – Aust. Fixed Interest <sup>1</sup>	SR Diversified Fixed Interest	3.46%	3.21%
BlackRock – International Fixed Interest <sup>1</sup>	SR Diversified Fixed Interest	3.41%	3.21%
Industry Super Property Trust – Property <sup>1</sup>	SR Property	8.41%	7.45%
Lendlease Australian Prime Property Funds <sup>1</sup>	SR Property	8.09%	7.45%
IFM – Australian Infrastructure <sup>4</sup>	MSCI Australia Quarterly Private Infrastructure Fund Index (All funds, Unfrozen)	8.77%	8.49%
IFM – Australian Shares <sup>1</sup>	SR Australian Shares	9.28%	8.56%
Paradise – Australian Shares <sup>1</sup>	SR Australian Shares	11.97%	8.56%
Neuberger Berman – International Shares <sup>5</sup>	MSCI Emerging Markets Index	8.84%	8.71%

Green - exceeds median    Red - below median    N/A - time period not available

1. Superratings' Accumulation Fund Crediting Rate Survey (FCRS) June 2021.

2. Option data only available over 3 years – both Hostplus return and SR median are 3-yr figures.

3. Option data only available over 1 year – both Hostplus return and MSCI Australia Quarterly Private Infrastructure Fund Index median are 1-yr figures for period ending 30 June 2021 (December 2021 Released Index).

4. Option data only available over 5 years – both Hostplus return and MSCI Australia Quarterly Private Infrastructure Fund Index median are 5-yr figures for the period ending 30 June 2021 (December 2021 Released Index).

5. MSCI Emerging Markets Index as at 30 June 2021 (assuming 12% tax rate).

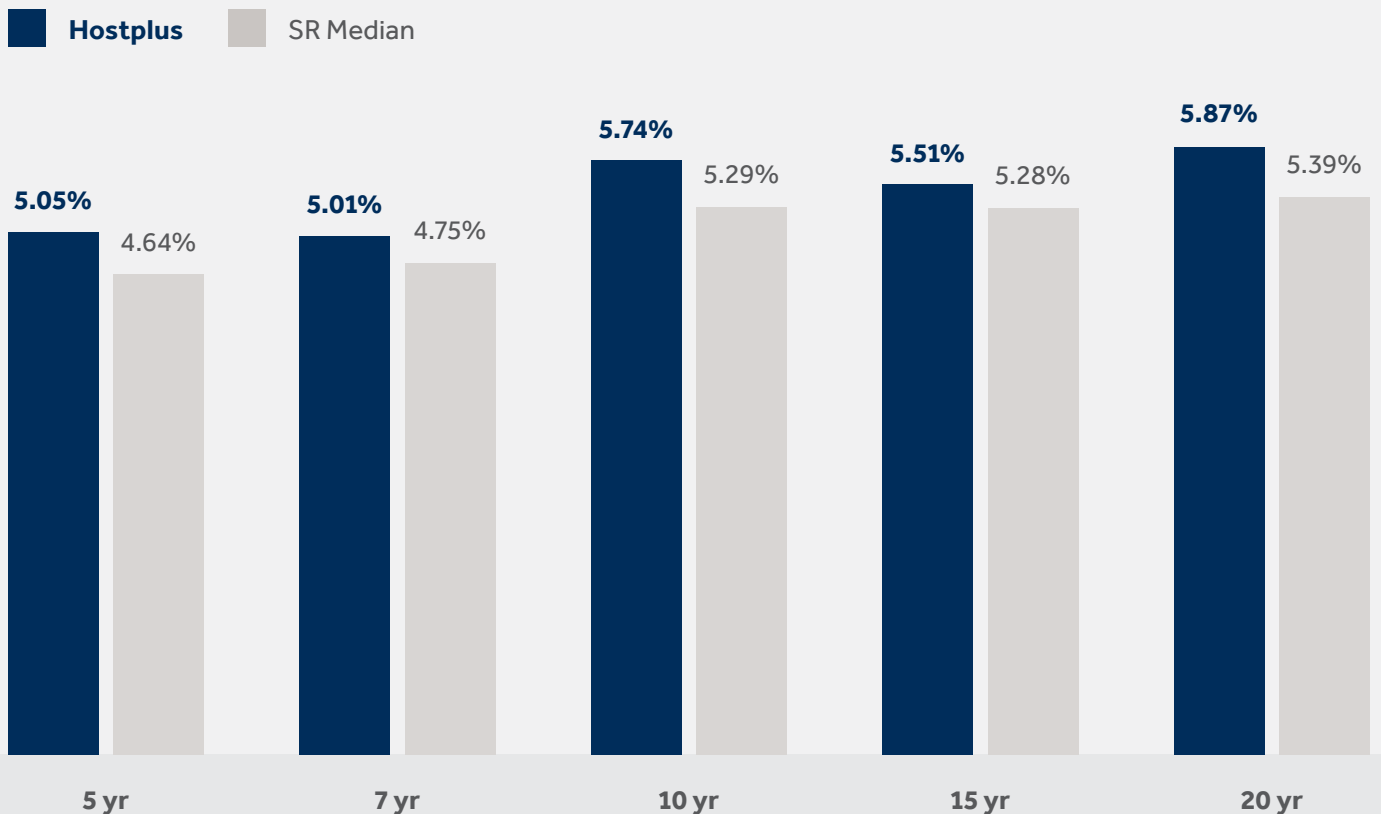
## Investment returns

For the options included in the APRA Choice Heatmap for June 2021, all except the Capital Stable option have 7-year net investment returns (NIR) above the APRA SAA benchmarks<sup>1</sup>.

Hostplus option	APRA Choice Heatmap 7-yr NIR p.a. <sup>1</sup>	7-yr NIR relative to SAA Benchmark Portfolio p.a. <sup>1</sup>
Indexed Balanced	8.49%	0.20%
Capital Stable	5.01%	-0.61%
Conservative Balanced	7.24%	0.12%
Shares Plus	10.83%	1.19%

It is Hostplus' position that the Capital Stable option continues to meet the best financial interests of those members invested in the option, as it has exceeded the median return over all long-term investment horizons on the SuperRatings SR50 Capital Stable (20-40) Index.<sup>1</sup> We note APRA's assessment of the performance of the Capital Stable option (in its Choice Heatmap). At the date of publication of this document, the Fund's discussions with APRA in relation to this matter are continuing.

### SR50 Capital Stable (20-40) Index<sup>2</sup>



1. APRA Heatmap – Choice investment options (published 16 December 2021).

2. Superratings Accumulation Fund Crediting Rate Survey (FCRS) June 2021.

## Hostplus MySuper (Balanced) Fees

In order to optimise members' financial outcomes, Hostplus continues to monitor and, wherever possible, minimise all costs incurred in the operations and management of the fund to maintain low administration fees for members.

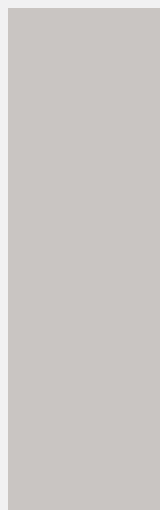
Hostplus retained one of the lowest member administration fees of any MySuper Product in the financial year ending 30 June 2021<sup>1</sup>, at just \$78 per year for accumulation members. An additional \$30.64 p.a. per member was deducted from the Fund's Administration Reserve for FY2021.<sup>2</sup> This amount is not deducted from members' account balances. This low administration fee is a primary objective of Hostplus' strategy and a key value proposition to its members.

Unlike most of Hostplus' competitors, the Fund had no asset or balance-based administration fee in the financial year ending 30 June 2021, further strengthening member financial outcomes.

APRA's reporting of "statement of fees and charges" includes both administration fees and costs, as well as investment fees and costs. Although Hostplus' total fees and charges are above the APRA median, a majority of this consists of investment fee and it is important to note that all Hostplus published investment returns are net of investment fees. Whilst we continue to strive to lower investment fees, we believe our active investment approach has yielded strong net investment returns and delivers the best outcome for our members.

### Hostplus vs median fund total administration fees<sup>3</sup>

\$165  
or 0.33%



Median

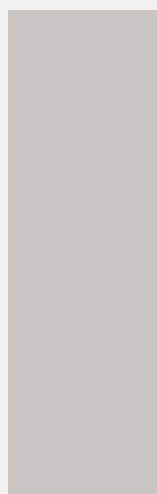
**\$78 or  
0.16%**



**Hostplus**

### APRA statement of fees and other charges 30 June 2021<sup>4</sup>

\$529



Median

**\$628**



**Hostplus**

1. Source: SuperRatings fee data for public offer MySuper products extracted from SMART platform on 19/08/2021. Comparison is based on the total administration fees and costs assuming a \$50k account balance.

2. Hostplus has adopted the fee and costs disclosure requirements contained in ASIC Regulatory Guide 97 on 13 October 2021, after the financial year ending 30 June 2021. Under those requirements, costs deducted from administration reserves form part of the administration fee disclosed in the Hostplus PDS. Those amounts deducted from reserves may change in the future. For information in relation to a new trustee fee from March 2022, please refer to our Significant Event Notice (SEN), available at [hostplus.com.au](http://hostplus.com.au).

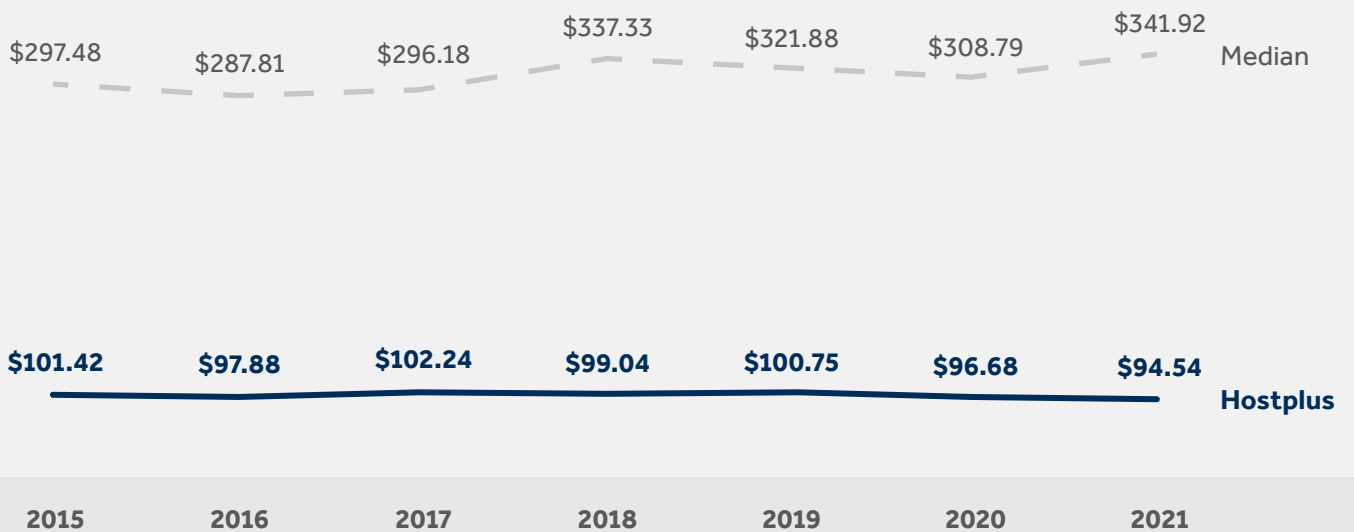
3. APRA Quarterly MySuper Statistics June 2021 (issued 23 Nov 2021) – Table 3, based on a member with a \$50k balance.

4. APRA Quarterly MySuper Statistics, 30 June 2021, table 2a "Statement of fees and other costs" (all funds) based on \$50,000 superannuation balance.

## Hostplus' operating costs

With 1.3 million members, Hostplus is one of the largest super funds in the country, enabling it to deliver outstanding scale benefits to our members. We consider that cost per member is a key financial metric that provides a strong indication of the fund's financial efficiency in the administration and operation of our business. Hostplus' persistent and disciplined focus on cost management has allowed the Fund to maintain its leading position on a cost-per-member basis.

### Cost per member – Hostplus and the median of APRA-regulated funds<sup>1</sup>



1. Based on APRA Annual Fund-level Superannuation Statistics June 2021 Table 3, 10 & 11. Cost Per Member is calculated by dividing the Total Administration and Operating costs (including advice costs) in Table 3 by the average of the start-of-year membership (Table 10) and end-of-year membership (Table 11).

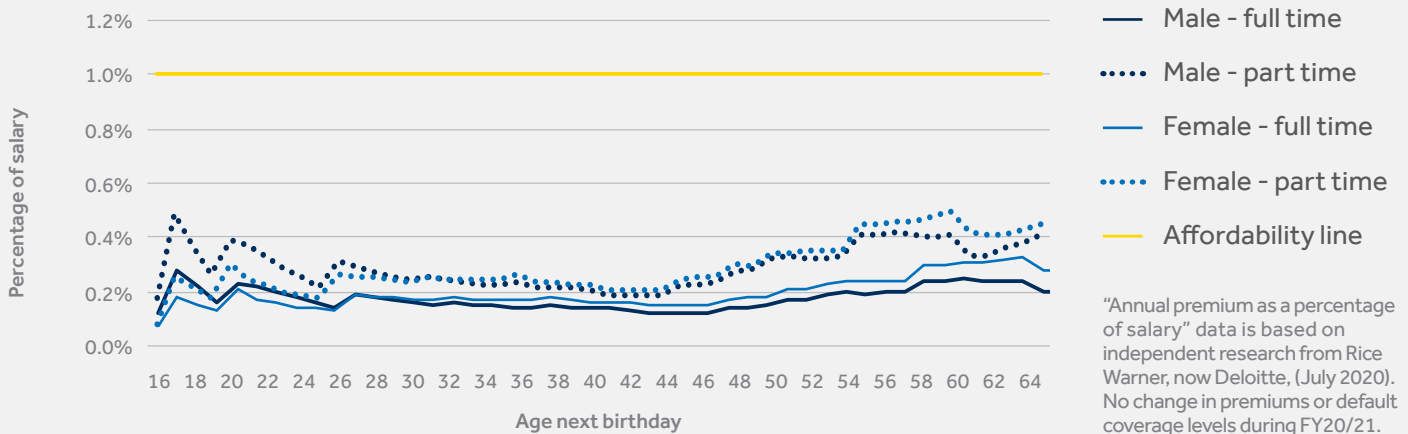
# Insurance

## Insurance affordability

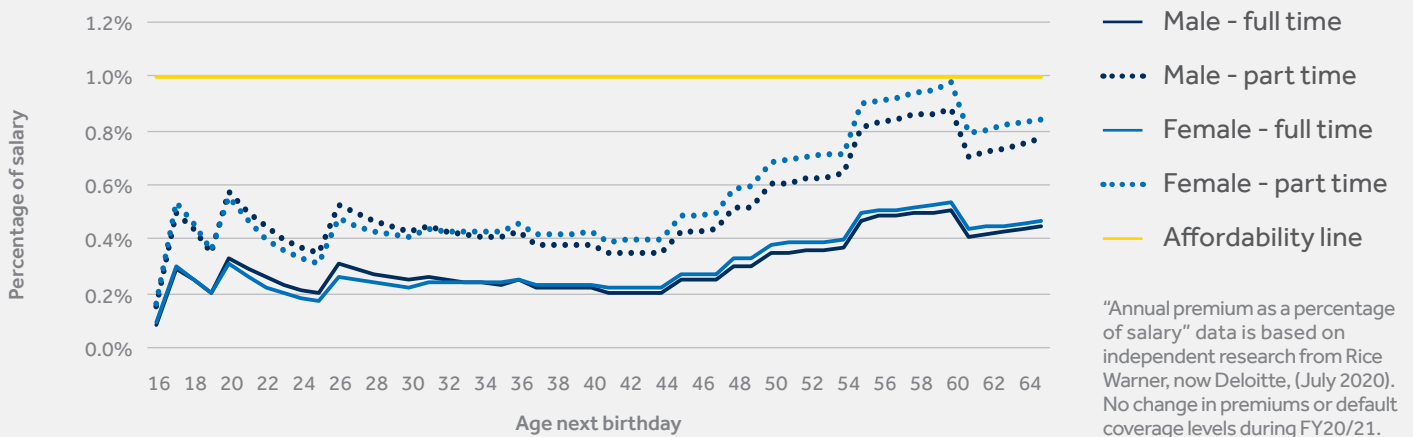
Hostplus' insurance offering promotes eligible members' best financial interests by seeking to limit the cost of the default (automatic) insurance to below 1% of eligible members' salaries<sup>1</sup> over the lifetime of the membership, while maintaining the value of insurance through the quality of its insurance products. The Fund has achieved this goal across all age groups and genders. Hostplus continues to monitor premiums and default coverage amounts, particularly for part-time workers, to maintain affordability.

Members are made aware of their insurance coverage via their annual member statement as well as having insurance sections on both Member Online and the new mobile app that provide members with details of their insurance coverage amount and premiums. Alongside maintaining affordable premiums and efforts to increase awareness of insurance in super, eligible members' best financial interests are also enhanced by making it easy to alter the level of their insurance or cancel it altogether.

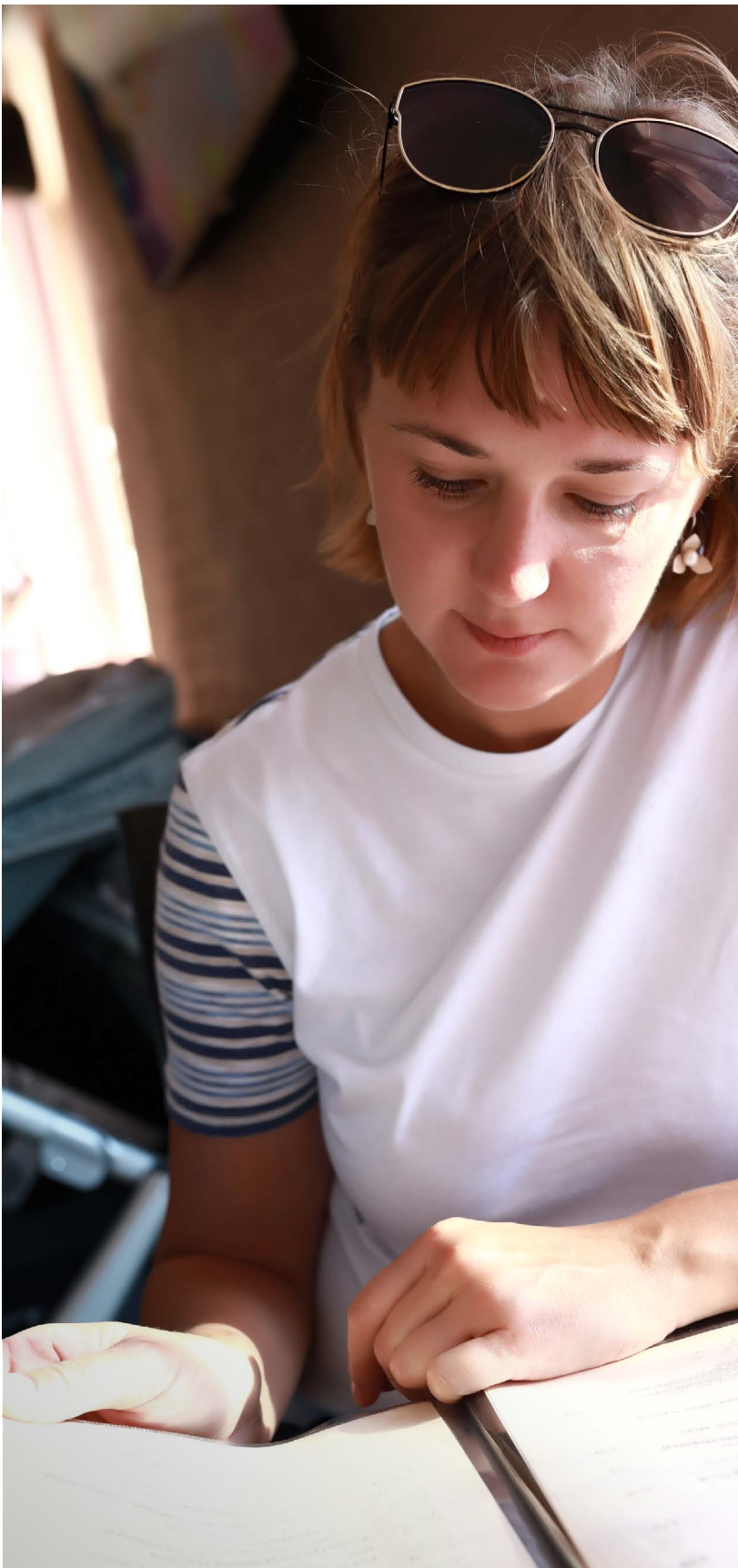
**Annual premium as a percentage of salary – Death and TPD Cover, White collar**



**Annual premium as a percentage of salary – Death and TPD Cover, Light Blue Collar**



1. This threshold comes from the independent actuarial services firm Rice Warner, now Deloitte, and is a common measure of group life insurance affordability within the industry.



## Insurance

### Insurance costs

Hostplus' insurance strategy seeks to minimise cost while maximising value. The insurance provided is a quality offering so that in the event the worst happens, insured Hostplus members can depend on their insurance being there to assist themselves or their dependants. As evidence of this, a SuperRatings comparison of default insurance offerings shows that Hostplus is one of only two funds amongst the top 15 funds, by membership and FUM, to accept claims in the event of suicide. In addition, Hostplus does not exclude pandemic-related claims.<sup>1</sup>

When benchmarking the Fund's standard default insurance premiums on a cost per \$1,000 of cover basis against other similar offerings in the market, 87% of Hostplus members with this insurance pay the same or less than the median.<sup>2</sup> Hostplus continually monitors its insurance offering against both the needs of the Fund's members and other quality insurance offerings in the market.



1. Superratings SMART 2.0 "Member Outcomes Assessment" insurance exclusions.
2. Superratings SMART 2.0 "Member Outcomes Assessment" insurance premiums.

## Member products and services

Hostplus offers a range of products and services to members in order to help them engage with their superannuation in the easiest possible manner and to help members optimise their retirement outcomes.

For example, phone-based intra-fund superannuation advice is made available to all members to assist them in maximising their Hostplus account outcomes in retirement. In addition, Hostplus' mobile app for iOS and Android devices, alongside the Fund's existing Member Online service, makes it easier for all members to engage with and monitor their superannuation account.

### Digital services

With a large membership base (1.3m) and a generally young demographic, having an average age of 36, digital engagement and channels are vital tools for members when interacting with the fund and their account. This includes:

- Member Online (851,000 members registered, 615,000 members logged in in the last 12 months)
- Mobile app (160,000 members registered, 138,000 members logged in in the last 12 months)
- Super Adviser online advice tool.

### Pension products

To optimise outcomes for members in retirement, Hostplus provides products to assist members in both the transition to and during retirement. These include:

- Transition-to-retirement pension (2,000 members)
- Account-based pension (8,000 members and Hostplus' fastest growing account type).

### Financial advice

To help our members prepare for retirement and also manage their other financial affairs (e.g. insurance and budgeting), Hostplus provides a range of information, guidance and advice services:

- Interactive webinars covering a wide range of topics, including maximizing the benefits of super, dealing financially with redundancy and transitioning to retirement (over 1,000 attendees in last 12 months)
- Free phone-based superannuation advice<sup>1</sup> (used by more than 2,500 members in the last 12 months) to help members optimise their Hostplus superannuation
- Over 1,500 members accessed the free online self-service advice tool<sup>2</sup>
- Comprehensive personal financial advice<sup>3</sup> – provided on a competitive fee for service basis, (used by around 500 members in last 12 months).

1. Hostplus Superannuation Advice Consultants are Authorised Representatives of Link Advice Pty Ltd ABN 36 105 811 836, ASFL 258145 and facilitate the provision of limited personal advice about Hostplus products to Hostplus members through Super Adviser. To obtain a Link Advice Financial Services Guide please visit [linkadvice.com.au/docs/Link\\_Advice\\_FSG.pdf](http://linkadvice.com.au/docs/Link_Advice_FSG.pdf). Link Advice is responsible for any advice obtained through Super Adviser.

2. Hostplus has engaged Link Advice Pty Ltd ABN 36 105 811 836, ASFL 258145 to facilitate the provision of limited personal financial advice to members of Hostplus via the web-based product Super Adviser.

3. Hostplus has engaged Industry Fund Services Limited (IFS) ABN 54 007 016 195, AFSL 232514 to facilitate the provision of personal financial advice to members of Hostplus. Advice is provided by financial planners who are Authorised Representatives of IFS. Fees may apply. Further information about the cost of advice is set out in the relevant IFS Financial Services Guide, a copy of which is available from your financial planner.

# Hostplus Pension

Hostplus established its pension product in 2009 to offer its top-performing investment options to those in retirement (account-based pension or ABP) or for those transitioning to retirement (the TTR pension account).

## Investment strategy, cost and scale

Hostplus ABP and TTR account holders have access to the same range of choice investment options as Hostplus super members. Like super members, pension members can switch between options on a daily basis as often as they wish, without incurring any fees or charges. This allows pension members to leverage and realise the same investment- and cost-related scale benefits as those available to Hostplus accumulation members.

## Investment returns

Currently, the most popular option used by pension account members is the Balanced option, with 75% of pension account holders invested in the option. Based on the Superratings Pension SRP50 Balanced (60-76) index, Hostplus' Pension Balanced option is the top-returning product over 1, 5, and 7-year rolling periods and number 2 over the 10-year period at 30 June 2021.<sup>1</sup>

## Fees and charges

Based on a comparison of single strategy products rated by Superratings<sup>2</sup> and the average Hostplus pension balance of \$328,000, both at 30 June 2021, Hostplus' total fees and costs for the pension product are below the industry average.<sup>3</sup> Again, there are no switching fees or buy-sell spreads when members change investment options.

## Options, benefits and facilities

Hostplus' pension product offers a competitive range of features, including:

- flexible payment frequency options: fortnightly, monthly, quarterly, biannually, and annually
- a full range of beneficiary options: reversionary, binding, and non-binding
- a full-featured member online service where members can update account details, make transactions, and change investment options or alter investment allocations.
- where a member has more than one investment option, the ability to nominate the proportion and/or order payments are drawn from each option
- access to advice and planning services, as well as seminars and webinars to assist members in making the most of their Hostplus pension product and achieve the best financial outcomes.

1. SuperRatings Pension Fund Crediting Rate Survey June 2021.

2. SuperRatings SMART 2.0 Fees module at 30 June 2021. Includes all administration and investment related fees and costs, applied to the Hostplus average pension account balance at 30 June 2021. Data extracted 5/01/2022.

3. SuperRatings Fundamentals Report – Hostplus Pension Plan. 30 June 2021. For information in relation to a new trustee fee from March 2022, please refer to our Significant Event Notice (SEN), available at [hostplus.com.au](http://hostplus.com.au).



## Member outcomes assessment. Recap of key determinations.

### Scale

With 1.3 million members and \$62 billion in funds under management, Hostplus is one of the largest superannuation funds in the country. This scale makes it possible to keep per member operating costs low, negotiate better arrangements with investment managers and service providers, and provide access to a wider range of assets (e.g. unlisted infrastructure and venture capital opportunities). Hostplus' scale also allowed the fund to support members in need of immediate financial assistance efficiently through the government's COVID-19 Early Release of Superannuation scheme in FY20 and FY21. These benefits of scale work together to improve member financial outcomes.

### Investment strategy

Hostplus' MySuper investment option has achieved above-median net returns (after investment fees and costs) across comparable Balanced options across all time periods (1, 3, 5, 7, 10, 15 and 20-years) measured by independent ratings agency SuperRatings, as well as the medium-term investment timeframes (3 and 5 years) when compared to all MySuper products measured by APRA.

Further, the net benefit result (total investment returns less all fees and costs) for the Hostplus MySuper investment option is well above the SuperRatings median for all funds, ensuring that Hostplus members are achieving some of the best financial outcomes in superannuation.

This has all been achieved with a level of risk exposure consistent with most APRA MySuper products. Further, pension members have access to the same range of industry leading choice investment options as Hostplus accumulation members.

### Fees

Hostplus provided market-leading value to members by maintaining its member administration fee for the accumulation phase at \$78 per annum in the financial year ending 30 June 2021.<sup>1</sup> Hostplus' total fees and charges for the pension product are also below the industry average for comparable products. There were no further deductions from members' accounts in terms of administration or investment charges.

### Operating costs

In order to optimise member financial outcomes, Hostplus has maintained a persistent focus to monitor and minimise costs incurred in the operations and management of the fund. This disciplined approach resulted in Hostplus achieving a Cost Per Member that is significantly below the industry median.

1. For information in relation to a new trustee fee from March 2022, please refer to our Significant Event Notice (SEN), available at [hostplus.com.au](https://hostplus.com.au).

### **Insurance strategy and fees**

Hostplus' insurance offering promotes eligible member financial interests by seeking to keep the cost of the default (automatic) insurance to below 1% of members' salaries over the lifetime of the membership, while maintaining the value of insurance through minimal exclusions and restrictive definitions. The Fund's insurance offering is also cost competitive with similar quality standard default offerings in the marketplace, with 87% of members paying the same or less as the median cost per \$1,000 of cover.

Members are made aware of the insurance coverage via their annual member statement as well as having insurance sections on both Member Online and the new member app that clearly state coverage amount and premiums. Alongside maintaining affordable premiums and efforts to increase awareness of insurance in super, members' best financial interests are also enhanced by making it easy to alter the level of their insurance or cancel it altogether.

### **Options, benefits and facilities**

Hostplus' choice investment options provide varying levels of risk and return to suit the needs of individual members. If they so choose, members have the ability to switch options or allocate their superannuation funds across multiple options, at no additional cost.

Hostplus' online and phone-based intra-fund advice is available to all members to assist in maximising their outcomes in retirement. The Hostplus mobile app for iOS and Android devices, which has been significantly enhanced over the last 12 months, alongside the fund's upgraded Member Online service, makes it easier for all members to engage with and monitor their superannuation account.

### **Determination summary**

Hostplus' Trustee has determined that it has met and promoted the best financial interests of its Accumulation and Pension members across all key areas throughout FY2020-21 and is well placed to do so into the future. Hostplus will continue to focus efforts on maintaining high performance in key areas, particularly in generating good long-term net benefits for its members, while also continuing to work hard on behalf of its members to improve in other areas critical to outcomes that support their best financial interests.

The determinations included in this Member Outcomes Assessment were reviewed and approved by the Hostplus Trustee Board on 8 March, 2022.



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