

# Member Outcomes Assessment

2021-22 financial year



**BUSSQ**  
building super

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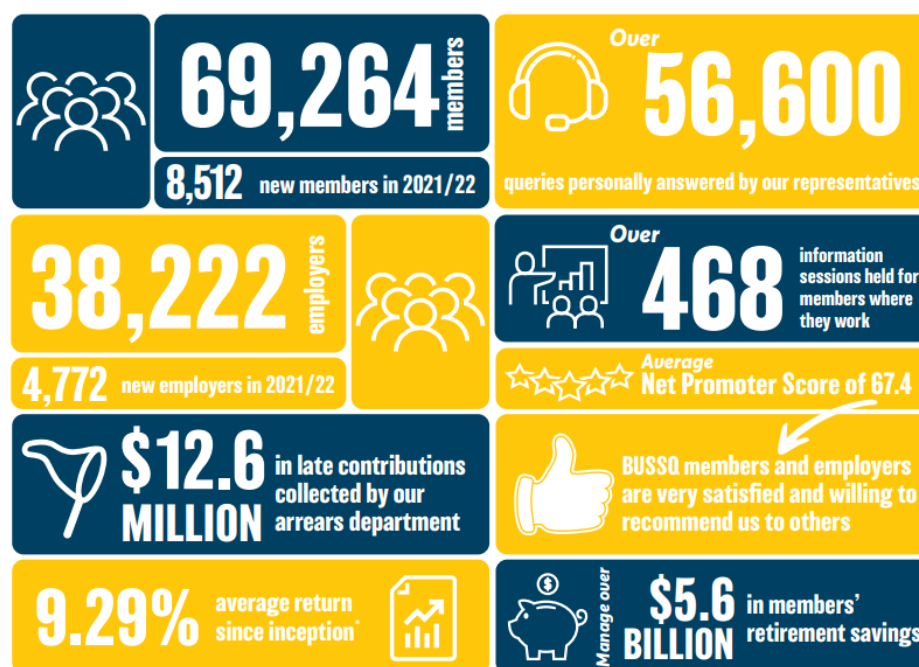
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# Introduction

BUSSQ has completed its annual Member Outcomes Assessment for the MySuper and choice products supporting its members in the building, construction, and civil industries. Our products and services are focused on delivering solutions tailored to our members, whether they're just starting out, retired, or in between. Our goal is to maximise members' retirement savings in a well serviced, secure environment, with a well priced benefit offering.

The annual Member Outcomes Assessment is a requirement of section 52 of the Superannuation Industry (Supervision) Act 1993 (SIS Act).

## BUSSQ's 2021/22 at a glance






\* Average return since inception is based on the performance of the Balanced Growth Super option from 1985 calculated at 30 June 2022. Past performance is not a reliable indicator of future performance. Investment returns are calculated net of all investment-related fees, costs and taxes, and the percentage-based administration fee.

**BUSSQ products:** The Fund offers a default MySuper product (invested in the Balanced Growth option) and the following member choice products (each providing 10 investment options, one of which is a Balanced Growth option):







- Premium Choice super savings account
- Income account product including Retirement, Transition to Retirement (TTR) and Child Income account and
- Term Allocated Pension (TAP) product.

# Summary of assessment and determination

The first stage of the outcomes assessment is a comparison of BUSSQ MySuper and choice products to other MySuper and choice products using the following key metrics:

Comparison factors	
	<p><b>Investment returns</b> - All MySuper members are invested in the Balanced Growth investment option, which is delivering long term returns above the median performance of other MySuper investment options with a similar level of investment risk. However, the returns for some of the shorter time periods are below the median performance. 42% of all choice members are also invested in the Balanced Growth option. Comparative investment returns for all investment options are included in the main section of the report, showing the majority of these options also providing above median long-term returns.</p> <p>The BUSSQ MySuper product passed the annual performance test conducted by APRA, which is required under the Government's Your Future, Your Super reforms.</p>
	<p><b>Level of investment risk</b> - The broad investment objective of the Trustee is to maximise investment returns after considering the risks associated with various types of investments. BUSSQ use the Standard Risk Measure developed for super funds to improve comparability of investment options. The level of risk in the MySuper product is similar to the median level of risk in other MySuper products. The level of risk for each investment option in choice products is included in the main section of the report, with the risks being broadly comparable to equivalent options in other choice products.</p>
	<p><b>Fees and costs</b> - BUSSQ's fees and cost for its MySuper product have reduced from \$637 to \$592 but remain higher than the median cost for all MySuper products. This comparison considers all investment and administration fees and costs being applied to a \$50,000 account balance. Most of these fees and costs are deducted from investment returns before the returns are applied to a member's account. Comparative fees and cost for all products and options are included in the main section of the report. Fees and costs for our Income account and TAP products are lower than median.</p>

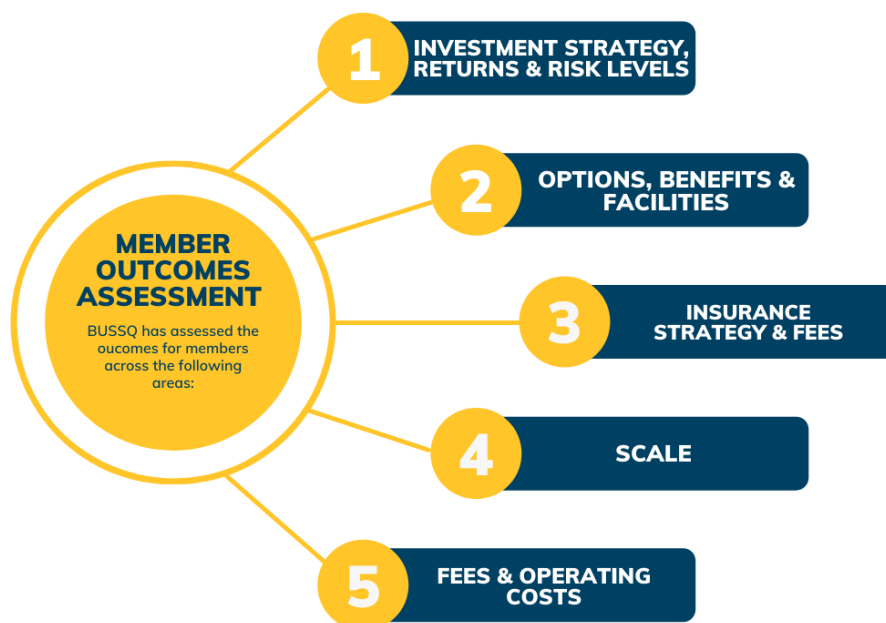
The second stage of the outcomes assessment is to assess the appropriateness or impact of the following factors on promoting the financial interests of members invested in the MySuper or choice products.

Assessment factors	
	<b>Options, benefits and facilities</b> - The service model for members in each product is designed to assist them to take positive actions to improve their retirement outcomes. Member education, advice, and workplace forums are key components of this service model. Members directly rate their service experiences, with the Fund receiving an above average Net Promoter Score (NPS) in member survey responses.
	<b>Investment strategy</b> - The MySuper product has one investment option, whilst the choice products offer a range of investment options. The strategy for each option includes an investor profile, risk profile, and performance target, designed to suit the different needs of members. The investment strategy for each option is reviewed annually.
	<b>Insurance strategy and fees</b> - BUSSQ's insurance strategy is underpinned by the goal to provide insurance that covers occupations in the building and construction industry at a fair price, which does not unnecessarily erode retirement benefits. Our objective is to offer default insurance cover that is appropriate and affordable for our membership. Our automatic default insurance cover is affordable, costing less than 1% of salary.
	<b>Scale</b> - We are a medium size super fund with 69,264 members and \$5.6 billion in members' retirement saving at 30 June 2022. We access the benefits of scale through outsourced service arrangements for member administration and investment management. This approach has resulted in a reduction of total fees and costs this year.
	<b>Fees and operating costs</b> - The administration fees charged to members of all products were unchanged for this period. The Fund did not need to draw down on the Administration Reserve to meet any excess of operating costs over fee revenue. Investment fees and costs reduced for this period. The Fund has an Operating Expense Ratio of 0.3%, equal to the median super fund ( <i>source: APRA Annual Fund-Level Superannuation Statistics June 2022</i> ).
Determination	
	Our determination as a result of this outcomes assessment for the year ending 30 June 2022 is that the financial interests of members in our MySuper, Premium Choice, Income account, and Term Allocated Pension products are being promoted. More information of our assessment and the comparisons supporting the determination are provided in this document.

# Assessment methodology

BUSSQ has used the comparison metrics and assessment factors prescribed by regulations and recommended by the Australian Prudential Regulation Authority (APRA), to reach a determination on the Fund's products promoting the best financial interests of members. In balancing these factors, BUSSQ has put emphasis on assessing performance over longer time periods, with investment performance the key driver of net returns.

The Fund has used available data (including APRA Heatmaps, quarterly and annual fund-level superannuation and MySuper statistics, plus *SuperRatings* database) to make comparisons to similar funds for investment returns, investment risk, and fees and costs.

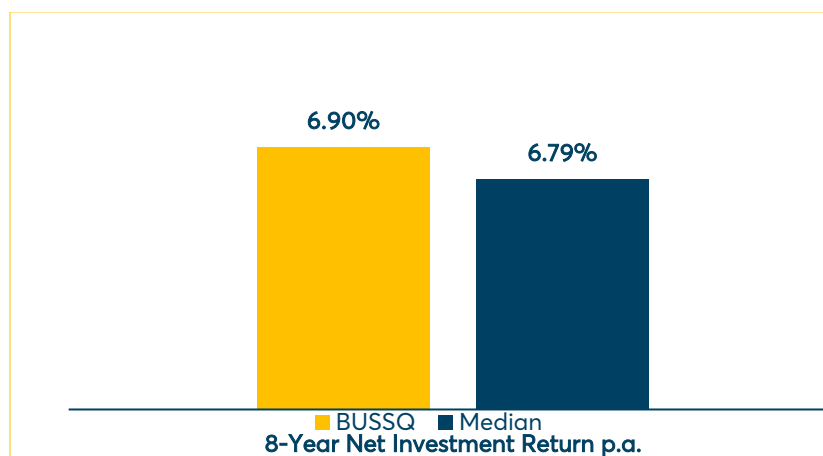


# Comparison metrics

## Investment returns

At BUSSQ, 80% of members and 64% of super assets are invested in the MySuper product (the Balanced Growth investment option).

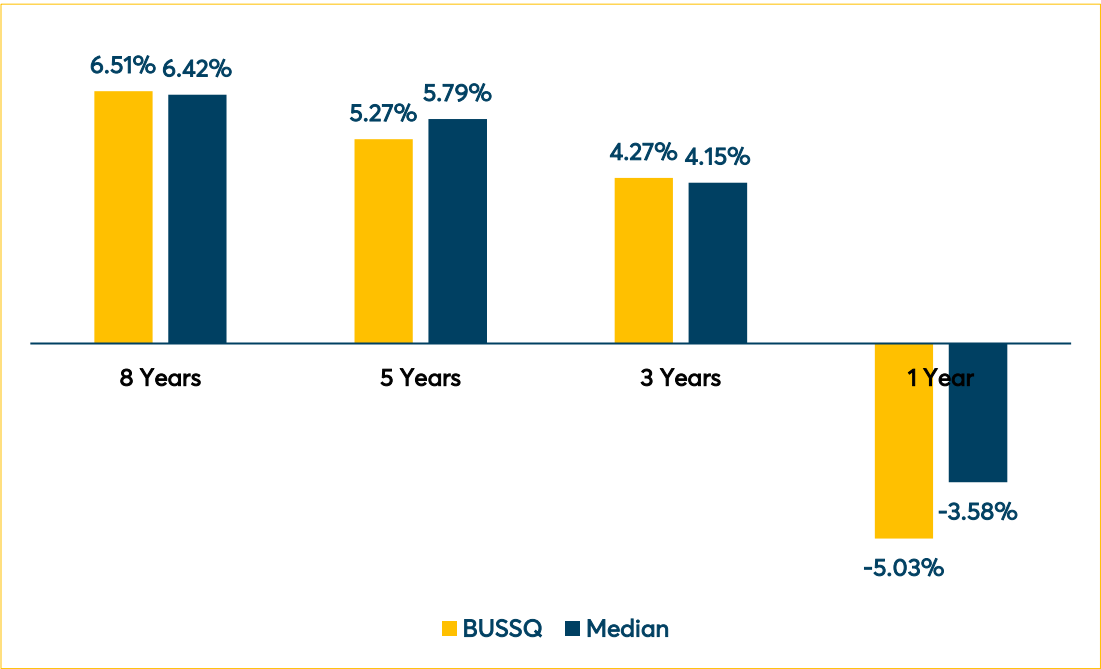
The **Net Investment Return (NIR)\*** of the My Super option is:



Source: APRA Heatmap.

\* The Net Investment Return (NIR) is the return of the product after investment-related fees, costs and taxes have been deducted. The NIR is used in the Your Future, Your Super (YFYS) performance test. The BUSSQ MySuper product passed the test for the 8-year period ending 30 June 2022. This test sets a clear, legislated performance benchmark that superannuation products are required to meet to pass the test. The test includes an assessment of investment performance and administration fees.

The **Net Return** is a recommended metric to compare the investment performance of products and options. Net Return is the return after all fees, costs and taxes have been deducted for the \$50,000 representative member. The Net Return for our MySuper product was:



Source: APRA's Quarterly MySuper Statistics and APRA's MySuper 2022 Heatmap.

The [MySuper Product Dashboard](#) is also used to compare BUSSQ MySuper with other MySuper products. The Dashboard shows a 10-year average net return of 8.04%, exceeding our target of 5.99% (the return target is CPI plus 2.52% after fees and taxes).



## Level of investment risk

BUSSQ use the Standard Risk Measure (SRM) for investments to help compare investment options. The table below shows the numeric measure of 'how likely will there be negative annual returns over a 20-year period'.

Risk Band	Risk Label	Expected number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The risk level for the MySuper product is High, with 4 to 6 years of negative annual returns expected over any 20 years. Other MySuper products with an allocation to growth assets of 60% to 76% have similar risk levels. The charts on pages 10-11 include the SRM for the investment options of all choice products. We benchmark our results for these options against options with similar risk levels in other funds' products.

## Investment return and risk levels for choice products

The Fund's Premium Choice, Income account and TAP products offer three pre-mixed diversified options and seven single asset class options. The absolute and relative performance of these options is included in the tables below. The MySuper product is invested in the Balanced Growth option. The Transition to Retirement (TTR) component of the Income account product is invested in the same options as the Premium Choice product.

The tables also include the Standard Risk Measure (SRM) for each option. Our investment return comparisons are to other super funds' options with similar asset allocations and risk measures.

Premium Choice & TTR product	SRM Risk label	10 Years % p.a.	5 Years % p.a.	3 Years % p.a.	1 Year %
<b>Balanced Growth</b>	High	8.22	5.48	4.59	- 4.79
Median		7.95	5.73	4.07	- 3.82
<b>High Growth</b>	High	9.40	6.33	5.39	- 5.36
Median		9.03	6.42	4.48	- 5.42
<b>Defensive</b>	Medium	5.18	3.36	2.22	- 2.11
Median		4.59	3.01	1.57	- 3.44
<b>Cash</b>	Very low	1.67	1.05	0.60	0.37
Median		1.61	0.94	0.43	0.14
<b>Diversified Fixed Interest</b>	High	1.43	- 0.25	- 2.14	- 9.25
Median		2.44	0.62	- 1.68	- 8.66
<b>Australian Shares</b>	Very high	9.84	6.90	5.36	- 9.57
Median		9.21	6.92	4.39	- 4.69
<b>International Shares</b>	Very high	10.28	4.31	1.33	- 16.25
Median		11.16	7.45	5.97	- 9.12
<b>All Shares</b>	Very high	10.33	6.13	4.15	- 11.53
Median		10.19	7.19	5.18	- 6.91
<i>The following choice options did not have an equivalent SuperRatings benchmark and have been compared to their investment objective target.</i>					
<b>Australian Small Company Shares</b>	Very high	10.05	7.79	6.88	- 10.29
ASX Small Ordinaries Index		5.37	5.07	0.38	- 19.52
<b>Emerging Markets Shares</b>	Very high	6.15	2.37	0.18	- 18.00
MSCI Emerging Markets Index		7.26	4.44	1.25	- 18.43

Above Median Below Median

Investment returns are for periods to 30 June 2022. Past performance is not a reliable indicator of future performance. The BUSSQ results are our published Investment Returns, which is the return of the option after all investment-related fees, costs and taxes, and the percentage-based administration fee have been deducted. The median return used for benchmark comparisons is sourced from the SuperRatings Fund Crediting Rate Survey (their returns are calculated net of investment fees, tax and implicit asset-based administration fees).

97% of members and 98% of assets are invested in the three diversified options and the Cash option, which all show above median long-term performance. The Diversified Fixed Interest and International Equities single asset class options have underperformed the median result across all assessment time periods. A review of the performance of these options is a key part of the Fund's business plan.

## Comparison metrics

Income account & TAP products	SRM Risk label	10 Years % p.a.	5 Years % p.a.	3 Years % p.a.	1 Year %
<b>Balanced Growth</b>	High	8.89	5.78	4.53	- 3.82
Median		8.70	6.23	4.41	- 4.91
<b>High Growth</b>	High	10.35	7.03	5.68	- 4.51
Median		9.99	7.14	5.23	- 6.07
<b>Defensive</b>	Medium	5.85	3.84	2.41	- 1.31
Median		5.05	3.30	1.64	- 3.95
<b>Cash</b>	Very low	2.03	1.34	0.69	0.26
Median		1.90	1.11	0.51	0.19
<b>Diversified Fixed Interest</b>	High	1.71	- 0.26	- 2.62	- 11.19
Median		2.80	0.78	- 2.03	- 9.73
<b>Australian Shares</b>	Very high	11.25	7.95	6.08	- 10.28
Median		10.31	7.82	4.83	- 4.89
<b>International Shares</b>	Very high	11.34	4.53	0.92	- 18.90
Median		12.20	8.04	6.21	- 9.53
<b>All Shares</b>	Very high	11.50	6.66	4.12	- 13.77
Median		11.26	7.93	5.52	- 7.21
<i>The following choice options did not have an equivalent SuperRatings benchmark and have been compared to their investment objective target.</i>					
<b>Australian Small Company Shares</b>	Very high	11.36	9.04	7.89	- 12.76
ASX Small Ordinaries Index		5.37	5.07	0.38	- 19.52
<b>Emerging Markets Shares</b>	Very high	6.86	2.30	- 0.60	- 21.76
MSCI Emerging Markets Index		7.26	4.44	1.25	- 18.43

Above Median Below Median

Investment returns are for periods to 30 June 2022. Past performance is not a reliable indicator of future performance. The BUSSQ results are our published Investment Returns, which is the return of the option after all investment-related fees, costs and taxes, and the percentage-based administration fee have been deducted. The median return used for benchmark comparisons is sourced from the SuperRatings Pension Crediting Rate Survey (their returns are calculated net of investment fees, tax and implicit asset-based administration fees).

Fees and costs

The main fees you pay are investment fees and administration fees. This comparison table below considers all investment and administration fees and costs being applied to a range of account balances invested in the MySuper product.

Account Balance	BUSSQ MySuper (\$) Fee	BUSSQ MySuper (%) Fee	Median cost of other MySuper products (\$)	Median cost of other MySuper products (%)
\$10,000	\$212	2.12%	\$153	1.53%
\$25,000	\$355	1.42%	\$283	1.13%
<b>\$50,000</b>	<b>\$592</b>	<b>1.18%</b>	<b>\$488</b>	<b>0.98%</b>
\$100,000	\$1,067	1.07%	\$940	0.94%
\$250,000	\$2,492	1.00%	\$2,240	0.90%

Source: APRA MySuper Heatmap and associated Insights Paper and SuperRatings database

BUSSQ’s representative fees and cost on a \$50,000 account balance for its MySuper product have reduced from \$637 to \$592, but remain higher than the median cost for all MySuper products. Generally, the fees as a percentage of your account balance are higher for lower account balances and decrease as your balance grows.



BUSSQ's fees and costs for its choice products are tabled below.

This comparison table considers all investment and administration fees and costs being applied to a \$50,000 account balance in each investment option.

Investment option (Premium Choice product)	BUSSQ Cost of product	Median Cost of product
Balanced Growth	\$592	\$493
Defensive	\$507	\$424
High Growth	\$597	\$573
Cash	\$272	\$215
Diversified Fixed Interest	\$442	\$303
Australian Shares	\$477	\$498
Australian (Small Companies) Shares	\$527	-
All Shares	\$527	\$474
International Shares	\$587	\$450
Emerging Markets Shares	\$782	-

Source: The Median Cost of Product used for cost comparisons is sourced from the SuperRatings Fee Report. Each comparison is to other super funds' options with similar asset allocations and risk measures. Two investment options did not have a suitable benchmark to compare to.

The Balanced Growth option in the Income account product (below) has seen its cost of product for a \$50,000 account balance reduce from \$500 to \$450, below the median cost of \$506 for similar options in other funds.

Investment option*	BUSSQ Cost of product	Median Cost of product
Balanced Growth	\$450	\$506
Balanced Growth (TTR account)	\$475	\$506
Defensive	\$380	\$468
Defensive (TTR account)	\$390	\$468
High Growth	\$465	\$590
High Growth (TTR account)	\$480	\$590
Cash	\$155	\$221
Diversified Fixed Interest	\$325	\$341
Australian Shares	\$360	\$485
Australian (Small Companies) Shares	\$410	-
All Shares	\$410	\$481
International Shares	\$470	\$476
Emerging Markets Shares	\$665	-

Source: The Median Cost of Product used for cost comparisons is sourced from the SuperRatings Fee Report. Each comparison is to other super funds' options with similar asset allocations and risk measures. Two investment options did not have a suitable benchmark to compare to.

*\*The products using these investment options are Income account, TTR and TAP. The three diversified options for the TTR product have a higher cost due to their strategic asset allocation.*

# Assessment factors

## Options, benefits and facilities

The service model for members in each product is designed to assist them to take positive actions to improve their retirement outcomes. Members are categorised into cohorts for this purpose based on logical 'next best' positive actions.

BUSSQ puts emphasis on member services including:

- **Direct member servicing and education** at their workplaces to help sort their super
- **Personalised support** for insurance claims management
- **An Arrears Team** to make sure members receive the super they are entitled to.

Members are encouraged to use our website, online portal, and telephone Contact Centre to stay up to date with their retirement savings.

Members directly assess these services, with the Fund receiving an average Net Promoter Score (NPS) of 63. The NPS is a recognised measure of customer experience. Bain & Co, the creator of the NPS system, assess a score above 50 as excellent.

## Investment strategy

We offer a range of investment options to suit the different needs of members. Each option includes an investor profile, risk profile and specific performance target. The Trustee has an investment strategy for each option, and regularly reviews the strategy against the investment objective.

The Balanced Growth option is a diversified option providing a mix of growth and defensive assets across nine types of asset classes. This diversification is important in managing the level of investment risk.

The investment objective adopted by the Trustee is to maximise earnings in excess of the performance target after taking into account the risks associated with various types of investments. Professional investment managers are appointed to manage the funds within each asset class. Investing in a diverse range of asset classes with a range of specialist investment managers provides diversification, and in turn reduces investment risk.

BUSSQ considers itself a long-term investor and believes its members will be best served by investing in a sustainable and responsible manner.

Full details of the investment objectives, asset allocations and risk profile of these options are provided in the BUSSQ [Super Handbook \(My Super and Premium Choice product\) and Income account PDS](#).

## Insurance strategy and fees

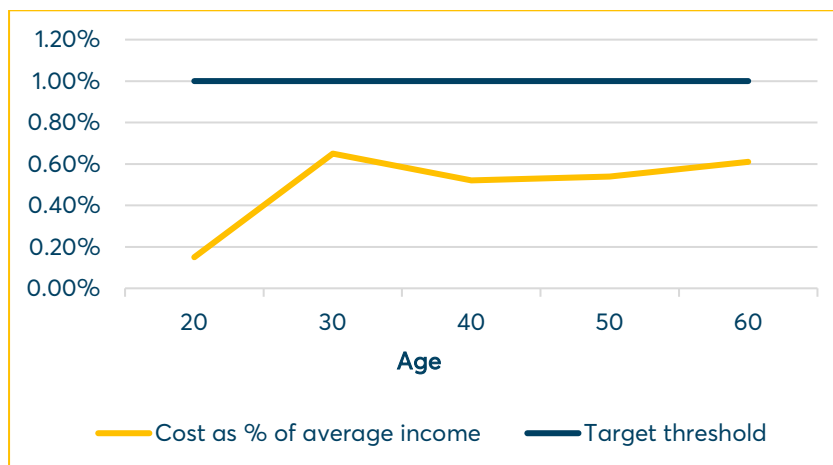
BUSSQ's Insurance strategy is underpinned by the goal of providing insurance that covers occupations in the building and construction industry at a fair price, which does not unnecessarily erode retirement benefits. Our objective is to provide default insurance cover that is appropriate and affordable for our membership.

The MySuper product automatically provides default Death and Total & Permanent Disability cover. Members can apply for higher levels of this cover and Income Protection insurance in the Premium Choice product. The Income account product does not provide insurance.

To ensure our default cover is affordable and does not inappropriately erode members' retirement benefits, we aim for this cover to cost less than 1% of salary for members aged 21+ and less than 0.5% for members aged under 21. Being under the 1% threshold is an industry benchmark for cost of default insurance cover.

Our default cover is considered affordable. Across all ages, our default cover costs less than 1% of salary (based on May 2021 earnings information sourced from the Australian Bureau of Statistics specifically for the construction industry – Table 63060DO001; and ABS’s estimated wage increases to May 2022).

The following affordability table shows cost of cover expressed as a percentage of earnings by age, compared to the 1% target threshold:



The automatic default cover is Death & TPD cover for a Manual worker. The [Insurance Handbook](#) has full details of the automatic default cover.

## Scale

We are a medium size super fund who access the benefits of scale through outsourced service arrangements for member administration and investment management.

Our \$5.6 billion of funds under management and 69,264 members both position just above the median fund size (APRA's *Annual Fund-Level Superannuation Statistics June 2022* report).

APRA's Heatmap contains 3-year average metrics for: Total Account Growth Rate (-4.59%); Net Cash Flow Ratio (-1.09%); and Net Rollover Ratio (-1.44%). These three metrics provide insights into trends that are likely to impact sustainability of member outcomes, particularly when considering scale. Each metric outcome has improved on the prior year result. Both the Total Account Growth Rate and the Net Cash Flow Ratio were positive for the one-year period ending 30 June 2022.

BUSSQ did not exceed any of the combined sustainability threshold levels for the three years ending 30 June 2022 (as outlined in APRA's

MySuper Heatmap Methodology Paper December 2022). BUSSQ believes our growth outlook is positive and beneficiaries are not disadvantaged because of our scale.

## Fees and operating costs

The Fund has an Operating Expense Ratio of 0.30%, which is equal to the median super fund. The Operating Expense Ratio is the total administration and operating expenses as a percentage of Cashflow adjusted net assets.

Our administration and operating expenses Cost Per Member reduced from \$271 to \$256, which is below the median cost in super funds of \$371. The operating costs of business operations are not inappropriately affecting the financial interests of beneficiaries. The basis for the setting of fees is appropriate and designed solely to cover the operating costs of the service model for members.

This information is sourced from APRA's *Annual Fund-Level Superannuation Statistics June 2022* report.

#### **BUSSQ Building Super**

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#### **Postal Address**

GPO Box 2775, Brisbane, QLD 4001

#### **Other important details**

USI BUS0005AU

Fund's Registration Number R1055870

Trustee's Registered Superannuation Entity

(RSE) licence number L0002158

BUSS (Queensland) Pty Ltd (ABN 15 065 081 281,

AFSL 237860), Trustee for BUSSQ Unions Superannuation

Scheme (Queensland)

(BUSSQ) ABN 85 571 332 201)



For more information call 1800 692 877,  
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This document provides general information only and does not take into account your personal financial situation or needs. Before acting, you should review the Product Disclosure Statement to ensure you have all the information about the relevant BUSSQ product and how it works and consider the appropriateness of the information to your needs or obtain financial advice tailored for your personal circumstances. The Target Market Determinations for BUSSQ products can be found at [bussq.com.au/forms-and-resources](http://bussq.com.au/forms-and-resources). Past performance is not a reliable indicator of future performance. Investment returns are calculated net of all investment-related fees, costs and taxes, and the percentage-based administration fee. Prepared by BUSS(Queensland) Pty Ltd (ABN 15 065 081 281, AFSL 237860) as Trustee for BUSSQ (BUSSQ Fund, ABN 85 571 332 201). Information correct as at February 2023.