

# VALVOLINE AUSTRALIA SUPERANNUATION PLAN MEMBER OUTCOMES ASSESSMENT

## INTRODUCTION

In this report, Equity Trustees Superannuation Limited (**we, our, us**) publishes the results of our annual assessment of how well the Valvoline Australia Superannuation Plan (the **plan**) in the Smart Future Trust (the **fund**) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2024 unless notified otherwise.

## METHODOLOGY AND STRUCTURE

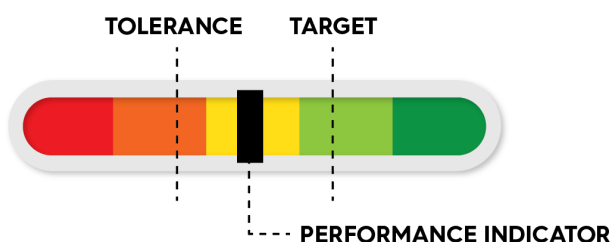
In conducting this assessment, we compared the product to other choice superannuation products included in statistical data published by the Australian Prudential Regulation Authority (**comparable products**) using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential Standard SPS 515 *Strategic Planning and Member Outcomes*.

This report includes:

- our overall assessment of whether the product provides optimal member outcomes and promotes their financial interests;
- a dashboard that depicts our assessment of the product's market-relative performance for each outcome we aim to provide members;
- a table summarising the key metrics that we relied on when making this assessment; and
- our commentary on this performance that includes action items to improve suboptimal performance.

For each member outcome, the dashboard presents the relevant segment of market performance. The width of each segment is based on the range of market performance for each outcome and is specific to each outcome. The positioning of the black performance indicator bar against the colour coding is our assessment of how well the outcome has been delivered. The colour coding gives a visual representation of performance that moves from neutral (yellow) through orange to least tolerance (red), and in the opposite direction from yellow to the target (or green) area of the dashboard. The assessment of each member outcome is based on several equally-weighted metrics. Accordingly, if one metric is outside our tolerance level it doesn't automatically mean the entire member outcome is outside our tolerance level.

*Example dashboard for illustrative purposes only*



The target is generally the average position of the comparable products while the tolerance level is the trigger for us to consider any necessary actions to improve member outcomes.

Please visit our [website](#) to view a short video that provides more information about the operation of the dashboard.



## OVERALL ASSESSMENT

Having carefully considered the comparisons of the plan with comparable products set out in this report, including the dashboards, metrics, commentary and other relevant information available to us at the time of writing, we have concluded that as a result of the following factors the plan is promoting members' financial interests:

1. the plan is in a satisfactory financial position;
2. the options, benefits and facilities offered in the plan are appropriate for members;
3. the insurance premiums charged for the plan do not inappropriately erode members' account balances;
4. the insurance strategy for the plan is appropriate; and
5. the scale of the plan and the fund does not disadvantage members.

## DASHBOARD


### STRATEGIC CONTEXT

Working together with the fund's Promoter, smartMonday Solutions Limited, our purpose is to support members to meet their financial goals by focusing on smart, easy actions that contribute to the long-term growth of their superannuation savings.

To support this purpose, our goals for the fund are to deliver long term sustainable investment returns and fee structures, grow the fund organically and strategically, rationalise and simplify the operational structure, maintain strong governance, improve member engagement and develop and offer innovative and needs-based solutions to improve member outcomes.

The plan is a defined benefit product.

### FINANCIAL POSITION

<b>Outcomes</b>	The plan is in a satisfactory financial position because the value of assets is adequate to cover the liabilities for vested benefits.				
<b>The plan's performance relative to comparable products</b>					
<b>Metrics</b>	<b>Ref</b>	<b>Metric label</b>	<b>Value</b>	<b>Tolerance</b>	<b>Target</b>
	1.1	Defined Benefit Vested Benefits Index	99.40%	98.00%	100.00%
1.1 The Defined Benefit Vested Benefits Index measures the plan's capacity to pay out all defined benefit members' benefits from existing defined benefit assets in the event they were all to leave the fund at the same time. Note that additional account balances of defined benefit members and vested benefits for accumulation members are not included in the assets and liabilities for the Defined Benefit Vested Benefits Index and are therefore assumed to be covered 100% by the accumulation assets.					

### Commentary

The performance indicator measures the plan's capacity to pay out all members' benefits from existing assets in the event they were all to leave the fund at the same time.

As the performance indicator is within our tolerance level, no action is required as a result of this assessment.



## INSURANCE CLAIM MANAGEMENT

### Outcomes

Valid claims are accepted and paid in a timely manner.

### The plan's performance relative to comparable products



### Metrics

Ref	Metric label	Value	Tolerance	Target
5.1	Insurer's declined claims ratio – life cover	3.45%	4.75%	3.00%
5.2	Insurer's average time to decision – life cover	1.54	2.50	2.00
5.3	Insurer's declined claims ratio – TPD cover	13.64%	22.25%	16.50%
5.4	Insurer's average time to decision – TPD cover	5.64	13.75	8.00
5.7	Insurance-related EDR complaints	0.72	2.25	0.75

5.2, 5.4 and 5.6 The time to decision is measured in months

5.3 TPD means "Total and Permanent Disablement".

5.7 EDR means "External Dispute Resolution".

5.7 This is the annual number of insurance-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.

### Commentary

The performance indicator measures the acceptance of insurance claims, the timeliness of claim decision-making and the quality of the claims process against comparable products.

The performance indicator, which is within our tolerance level, is based on an equal weighting of all the metrics in the above table.

The insured benefits in this product are supported by group and retail insurance policies. For this suite of policies, in the year ended 30 June 2024 the fund's insurers:

- paid 28 life insurance claims and declined 1 life insurance claims; and
- paid 38 TPD insurance claims and declined 6 TPD insurance claims.

Every declined claim is reviewed individually by our specialised claims team to ensure the insurer has acted fairly and reasonably, and consistently with the relevant policy terms and conditions. For this reason, the metric shown is not an indication of a systemic problem that needs to be addressed.

Considering all these matters, we are comfortable that valid claims are accepted and paid.

We believe that the appropriate level of insurance cover is a balance between the amount of cover required (based on the maintenance of the member's, and their dependants', standard of living in the event of an accident or illness) and the affordability of that cover for the member.

Members have the opportunity to seek personal financial advice if required, select their own level of insurance cover and cancel their cover if no longer required. Therefore:

- the insurance premiums charged for the product do not inappropriately erode members' account balances; and
- the insurance strategy for the product is appropriate.



## MEMBER SERVICES

### Outcomes

Administration services satisfy member expectations.

The plan's performance relative to comparable products



### Metrics

Ref	Metric label	Value	Tolerance	Target
7.1	Administration-related EDR complaints	1.87	3.50	1.50
7.1	Service level achievement	90.18%	80.00%	90.00%
7.3	Information security controls	Effective	Partially Effective	Effective

7.1 EDR means "External Dispute Resolution".

7.1 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.

7.2 Service level achievement measures the portion of new member, contribution and benefit payment transactions that were processed within our service level.

7.3 This is our view of the effectiveness of the Administrator's information and cyber security controls based on an independent review completed during the year.

### Commentary

The performance indicator measures the delivery of administration services against our service levels, and against the cost of similar services for comparable products.

The performance indicator, which is within our tolerance level, is based on an equal weighting of the above metrics.

Administration fees were outside of tolerance level. As total fees are within our tolerance level, no action is required as a result of this assessment.

We are comfortable that administration services satisfy member expectations because of the high rate of service level achievement, the number of administration related complaints and the administrator's information and cyber security controls are effective.

Therefore, we consider the options, benefits and facilities offered in the product are appropriate for members.



## SCALE

### Outcomes

The fund is likely to deliver optimal outcomes in the future.

### The scale of the fund relative to comparable products



### Metrics

Ref	Metric label	Value	Tolerance	Target
8.1	RSE adjusted total accounts growth rate	6.24%	-6.25%	-2.50%
8.2	RSE Net Cash Flow Ratio.	-3.64%	-2.75%	-0.50%
8.3	RSE Net Rollover Ratio	-1.94%	-3.00%	-1.75%

8.1 The RSE adjusted total accounts growth rate is the average annual percentage change in member accounts averaged over the three year period, excluding Successor fund Transfers (SFTs) and account consolidations.

8.2 The RSE Net Cash Flow Ratio is members' benefits flows in less members' benefits flows out as a percentage of cash flow adjusted net assets averaged over the three year period, excluding SFTs.

8.3 The RSE Net Rollover Ratio is rollovers in less rollovers out as a percentage of cash flow adjusted net assets averaged over the three year period, excluding SFTs.

### Commentary

The performance indicator measures the fund's growth and ability to deliver scale benefits to members against other funds.

The performance indicator, was within our tolerance level, is based on an equal weighting of the above metrics.

As part of the ongoing strategic review of the fund, actions are being taken to address the outflow in funds under management. We will be updating members regarding the future plans for the fund. No further action is required as a result of this assessment.

Therefore, we are comfortable that the scale of the product and the fund does not disadvantage members.