

CYPROS INCOME PROTECTION

MEMBER OUTCOMES ASSESSMENT

INTRODUCTION

In this report, Equity Trustees Superannuation Limited publishes the results of our annual assessment of how well the CYPROS Income Protection product (the **product**) issued from Super Retirement Fund (the **fund**) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2024.

METHODOLOGY AND STRUCTURE

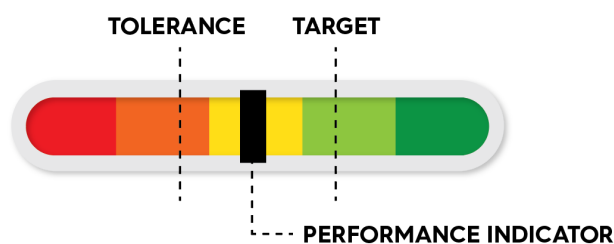
In conducting this assessment, we compared the product to other choice superannuation products included in statistical data published by the Australian Prudential Regulation Authority (**comparable products**) using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential 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 product 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 product is promoting members' financial interests:

1. the options, benefits and facilities offered in the product are appropriate for members;
2. the insurance premium charged for the product does not inappropriately erode members' account balances;
3. the insurance strategy for the product is appropriate; and
4. the scale of the product and the fund does not disadvantage members.

DASHBOARD

STRATEGIC CONTEXT

Working together with the fund's promoter, Resolution Life, our purpose is to enhance retirement outcomes by providing products that allow members to accumulate retirement savings, receive retirement income and protect their assets.

To support this purpose, our goals for the fund are to enhance member's retirement balances, provide members with confidence through reliable and clear delivery of regulatory compliance, satisfy members through engaging member service that assists them grow their account balances, and grow member balances through competitive investment returns in line with stated objectives and targets.

The product is a choice insurance-only product.

INSURANCE CLAIM MANAGEMENT

Commentary

The insured benefits in this product are supported by **individual insurance policies**. There have been no claims in the year ended 30 June 2024.

All insurance cover is voluntary. 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:

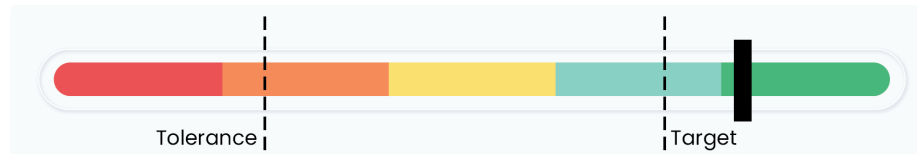
- the insurance premiums charged for the product do not inappropriately erode members' account balances; and
- the insurance strategy for the product is appropriate.



MEMBER SERVICES

Outcomes Administration services satisfy member expectations.

Our product's performance relative to comparable products



Metrics	Ref	Metric Label	Value	Tolerance	Target
	8.1	Administration-related EDR complaints	0.00	3.50	1.50
	8.2	Service Level Achievement	96.14%	80.00%	95.00%
	8.3	Information security controls	Effective	Partially Effective	Effective

8.1 EDR means "External Dispute Resolution".

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

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

8.3 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 above our target level, is based on an equal weighting of the above metrics.

As a result, we are comfortable that administration services satisfy member expectations because of the number of administration related complaints, the high rate of service level achievement 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.

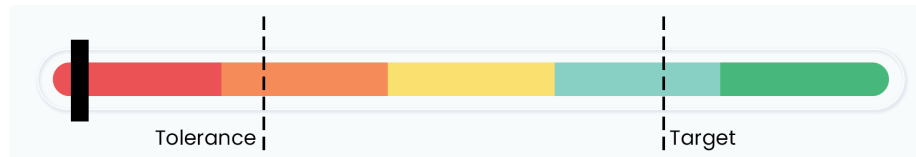


SCALE

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
9.1	RSE adjusted total accounts growth rate	-10.56%	-6.25%	-2.50%
9.2	RSE Net Cash Flow Ratio	-9.64%	-2.75%	-0.50%
9.3	RSE Net Rollover Ratio	-6.22%	-3.00%	-1.75%

9.1 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.

9.2 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.

9.3 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, which is outside tolerance level, is based on an equal weighting of the above metrics.


The fund is closed to new members and continues to be in run off with membership decreasing by 7% in FY24. It is expected to decrease at a similar rate over the next 3 years.

With total member benefits of \$2.7b and approximately 34,000 members, we believe that the fund has reasonable scale.

We will continue to monitor the impact that the expected reduction in fund size may have on member outcomes and take appropriate action if required.



LIQUIDITY

Outcomes	Benefit and rollover requests can be met in a timely manner from insurance policies.				
Our product's performance relative to comparable products					
Metrics	Ref	Metric Label	Value	Tolerance	Target
10.1		Insurer financial strength rating	A+	BBB	AA

Commentary

The performance indicator measures the fund's ability to meet benefit and rollover requests in a timely manner.

We regularly monitor whether the insurance policies would be able to meet cash requirements in extreme situations. Based on our analysis, we consider that benefits are supported by an insurer with a strong capacity to meet its financial commitments.

As a result, we are comfortable that the level of liquidity risk for the product is acceptable.