



# Member outcomes assessment for 30 June 2023

## MySuper product

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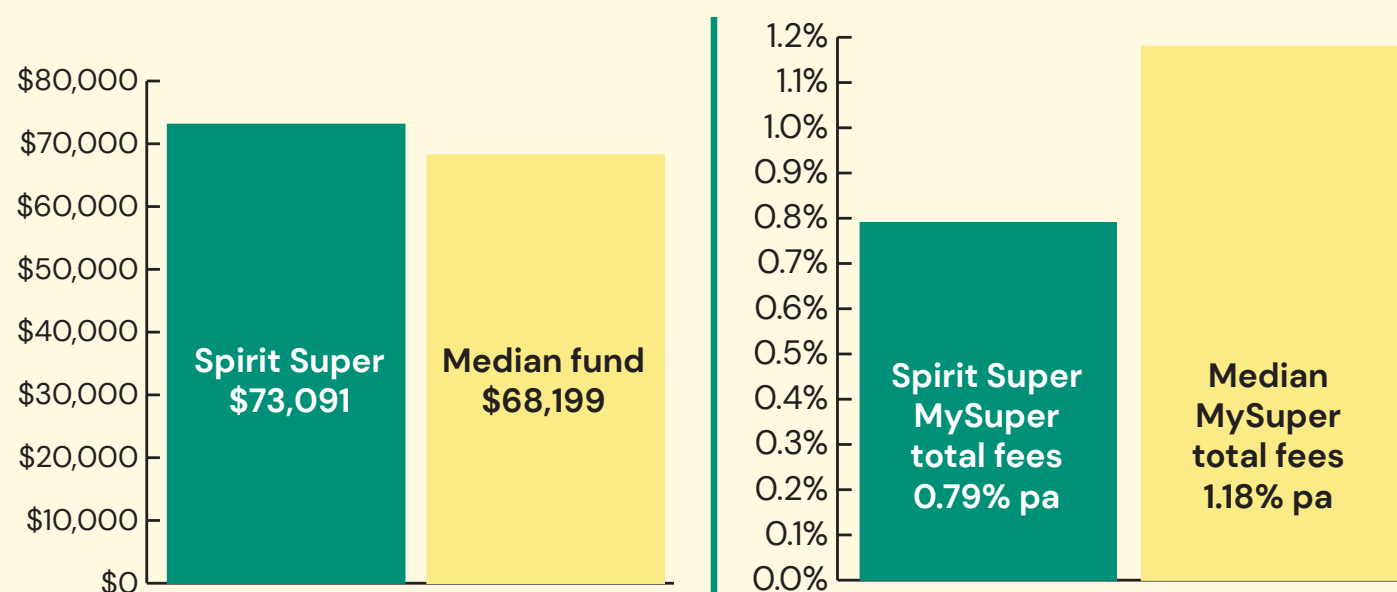
At Spirit Super we work as hard as you do. With low fees and a history of strong, long-term returns, we put your super to work.

Each year we're required to assess our performance in promoting the financial interests of our members by each of our products. This assessment takes into account the results of the APRA annual performance test (which we've passed for the third year in a row) as well as examining a range of product comparisons and other assessment factors.

Based on the annual member outcomes assessment, the Trustee has determined that Spirit Super's MySuper product successfully promoted the best financial interests of members for the year ended 30 June 2023.

Our approach, peer groups and data sources for this assessment are on page 7.

### Spirit Super at a glance



Over 10 years, our members were **\$4,893** better off than if they were invested in the median fund<sup>1</sup>.

Members invested in our MySuper product with an account balance of \$50,000 paid **0.79% pa** in total fees, less than the industry median<sup>2</sup> of 1.18% pa.

<sup>1</sup>Source: SuperRatings SMART 2 Net Benefit Tool. Rounded to the nearest \$1. Refer to page 4 for calculation methodology and additional details. Returns are net of fees and costs. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. | <sup>2</sup>Source: APRA quarterly superannuation product statistics.

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## Determination summary

### Comparison factors

#### Investment returns

Our MySuper product's investment returns outperformed the APRA performance test returns benchmark over the 9-year assessment period, giving our members confidence that we're delivering long-term value to our members through the returns we've achieved, as independently evaluated by the industry regulator.

Our Balanced (MySuper) option, where most members are invested, achieved returns above the median<sup>3</sup> over the key time periods used for our assessment over 1 and 10 years. Our peer relative performance is heavily influenced by our options' exposure to growth assets versus the comparable median peer fund, as well as the performance of the fund's active managers over different time frames.

<sup>3</sup>Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

#### Fees and costs

Our MySuper fees and costs passed the 2022–23 APRA performance test – fees and cost benchmark assessment for all MySuper options, confirming that our fees and costs are providing value to our members.

On a \$50,000 account balance our MySuper annual fees were very competitive with significantly lower administration fees, investment management fees and total fees than the median super fund<sup>4</sup>.

<sup>4</sup>Source: APRA quarterly superannuation product statistics at 30 June 2023.

#### Investment risk

Performance of our products and level of risk is aligned with the investment strategy.

We manage risk carefully across all our products. Our products' performance and risk level are aligned with our investment strategy and consistent with the level of risk of comparable MySuper investment options offered across other super funds<sup>5</sup>.

<sup>5</sup>Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

### Assessment factors

#### Investment strategy

We offer a range of investment options with different asset allocations and risk profiles to suit the diverse needs of our members.

Our investment strategy is to build a diversified portfolio of assets that balances investment returns and risks. We achieve this by investing in a combination of growth assets and defensive assets across both public and private markets. A core belief is that we can add value to members via active investing.

The MySuper product continues to meet its stated return objective over the minimum time frame (7 years).

#### Insurance strategy and fees

We recognise how important it is to have insurance cover that's appropriate and affordable for our members.

Our guiding principle is that the cost of default insurance cover should be no more than 1% of salary over a member's lifetime (to retirement), which is currently being achieved.

Our members' claims experience as measured by approval rates and claim times was better than our competitors over the 2022–23 financial year<sup>6</sup>.

<sup>6</sup>Source: SuperRatings Benchmark Report 2024 (all funds).

#### Options, benefits and facilities

We strive to support our members' journey with choice and service as unique as they are. We pride ourselves on easy interactions, excellent service, and personal support, with products and services that offer good value and meet the changing needs of members now and in the long run.

#### Scale

As a mid-size fund, Spirit Super is well placed to take advantage of economies of scale and negotiate competitive fees with strategic partners and investment managers.

The fund continues to be focused on growth opportunities to further provide superior financial benefits and services to members now and into the long term. The merger with CareSuper in late 2024 is central to achieving our current scale target to continue to be a sustainable fund and deliver value for members.

#### Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and be sustainable, competitive, and equitable.

Our operating cost to asset ratio for the 2022–23 financial year was below the median of other super funds, (being in the lowest 25%<sup>7</sup>) and shows that our fees are set appropriately in the best financial interests of members.

<sup>7</sup>Source: SuperRatings Benchmark Report 2024 (all funds).



# Assessment detail

## Comparison factors

### Investment returns

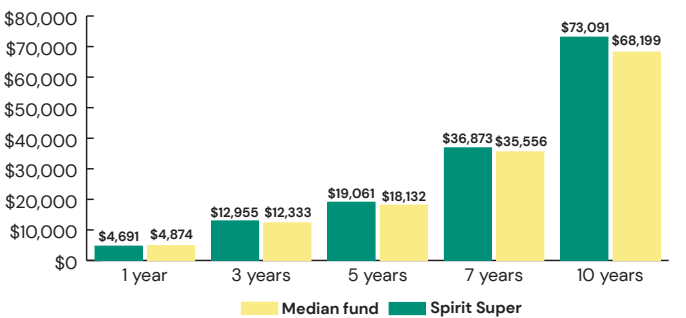
Our MySuper product passed the third annual APRA performance test, including the assessment of investment returns as outperforming the benchmark over the 9-year assessment period. Passing this test further confirms that we continue to deliver strong long-term outcomes to our members through the implementation of our MySuper product investment strategy as independently confirmed by the industry regulator.

Overall, we've assessed that the investment returns provided by our MySuper product was competitive. For the year ending 30 June 2023, our Balanced (MySuper) option outperformed the median<sup>8</sup> of similar peer options over the key time frames used for our assessment of 1 and 10 years. Returns did vary over some time periods, see page 8 for the net investment returns of the MySuper Product over various time periods.

<sup>8</sup>Returns of the Mysuper product versus the median investment option with a similar growth profile provided by SuperRatings Fund Crediting Rate Survey to 30 June 2023. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

On a net benefit basis, considering investment earnings and administration fees, investment fees and contribution taxes, over 10 years, our members invested in the MySuper product were approximately \$4,890 better off than if they were invested in the median fund.

**Graph 1 – Net benefit<sup>9</sup> (investment return minus administration and investment fees) for a \$50,000 account balance invested in the balanced option as at 30 June 2023**



<sup>9</sup>Comparisons modelled by SuperRatings (SMART 2 Net Benefit Tool), commissioned by Spirit Super. The outcome shows the average difference in 'net benefit', a measure of past investment earnings after administration fees, investment fees and contribution taxes have been taken out. The results compare the Spirit Super Balanced (MySuper) investment option and comparable balanced options, over the past 1, 3, 5, 7 and 10 years, with a \$50,000 starting balance and employer contributions, assuming a starting salary of \$50,000. Insurance premiums and other fees and costs may also apply. Outcomes vary between individual funds. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns. Spirit Super investment returns before 1 April 2021 represent the MTAA Super Balanced option.

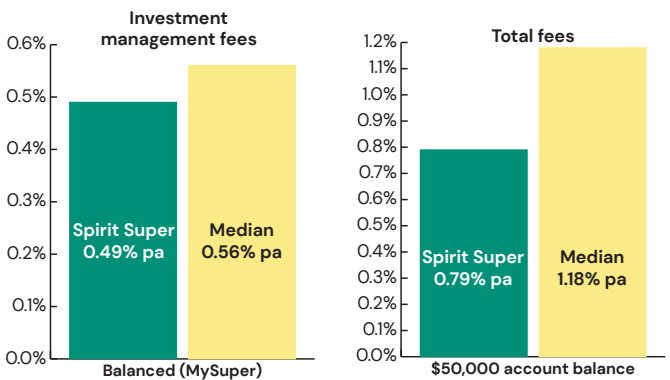
### Fees and costs

We keep our fees low, so our members have more to invest for the future. As an industry super fund, we're run only to benefit members, no one else – we don't pay commissions to advisers or give profits to shareholders.

Our MySuper product passed the APRA performance test assessment of annual fees and costs, with lower than benchmark fees, demonstrating that we've delivered value to our members through competitively positioned administration fees, as determined by the independent industry regulator.

The fees and costs that apply to Spirit Super's MySuper products remain competitive against the industry median. When invested in the MySuper product, investment fees and total annual fees (administration and investment fee) are significantly lower than the median comparable fund<sup>10</sup>.

**Annual investment management and total fee on a \$50,000 account balance – Balanced (MySuper) option as at 30 June 2023.**



<sup>10</sup>Source: APRA quarterly superannuation product statistics at 30 June 2023.

### Investment risk

Performance for Spirit Super's MySuper product investment option was consistent with its stated standard risk measure and was aligned with that of the median risk profile of peer products, therefore the level of investment risk and return target was considered appropriate for Spirit Super's MySuper members at 30 June 2023. Detail on the comparison of standard deviation in investment performance as a measure of investment risk or volatility and against our stated standard risk measure is provided on page 8.

Assessment factors

Investment strategy

Our MySuper (default) investment strategy is to build a diversified portfolio of assets that balances investment returns and risks.

Spirit Super’s MySuper product has outperformed the ‘CPI +’ investment objective over the minimum investment horizon of 7 years supporting our assessment that the investment strategy for our MySuper option is consistent with its risk and return objectives and is appropriate for our members.

Our investment options’ risk and return objectives are available in our [Investment guide](#).

Net investment return relative to CPI+ objective as at 30 June 2023

	Minimum investment horizon 7 years % pa
Spirit Super’s MySuper	7.02
CPI + objective (CPI + 3%)	6.10

Insurance strategy and fees

We recognise how important it is to have insurance cover that’s appropriate and affordable for our members. Most Spirit Super members get default death, total and permanent disablement cover and income protection cover (default B members) when they become a member and meet certain eligibility criteria.

The level of cover we automatically provide our members is based on their likely needs and considers a range of characteristics of our membership. We also believe that the cost of default insurance cover should be no more than 1% of salary over a member’s lifetime (to retirement). Our insurance fees for default cover (June 2023) were below 1% of salary over a member’s lifetime and therefore don’t inappropriately erode the retirement balances of our members.

We undertook a price review in 2022 which resulted in a fee reduction in early 2023 (with a 3-year rate guarantee) – a great outcome for our members. We also made the following product improvements:

- changes to the total and permanent disablement definition
- introduction of premium waivers while on employer-approved maternity leave
- introduction of MetLife’s 360 virtual care service.

A key assessment criterion for how Spirit Super’s insurance offering is impacting member outcomes is through the member claims experience, particularly in relation to the proportion of claims which are approved by the fund’s insurer. Spirit Super’s insurance offering provided higher approval rates for death, total and permanent disability and income protection claims compared to other funds to 30 June 2023.

Our members’ claims experience as measured by approval rates and claim times was better than our competitors over the 2022–23 financial year<sup>1</sup>, with above 90% of all member claims approved.

<sup>1</sup>Source: SuperRatings Benchmark Report 2024.

Options, benefits and facilities

We strive to support our members’ journey with choice and service as unique as they are.

We pride ourselves on easy interactions, excellent service, and personal support, with products and services that offer good value and meet the changing needs of members now and in the future.

Spirit Super members benefit from a range of quality services that are well used and offer good value. This includes access to a local contact centre, staff located in our members’ communities, online access via **Member Online** and the Spirit Super app, web tools and articles, advice options, and access to employer, retirement and financial planning seminars and webinars at no additional cost.

We regularly assess these services to make sure they’re appropriate for our members. These assessments include measurement of usage, member experience and cost.

Scale

As a medium-sized fund, we're well positioned to meet the financial interests of members.

In the 2022-23 financial year our funds under management (\$27b at 30 June 2023) significantly increased by 10.6%, this was better than the industry median of 10.1%<sup>12</sup>. The number of Spirit Super member accounts increased by 5.3% over the 30 June 2022-23 financial year, higher than the median account growth of 1.0%. Our size enables us to capture economies of scale to create cost efficiencies and gives us access to attractive, large-scale investment opportunities. Our scale doesn't disadvantage the financial interests of members holding the relevant products.

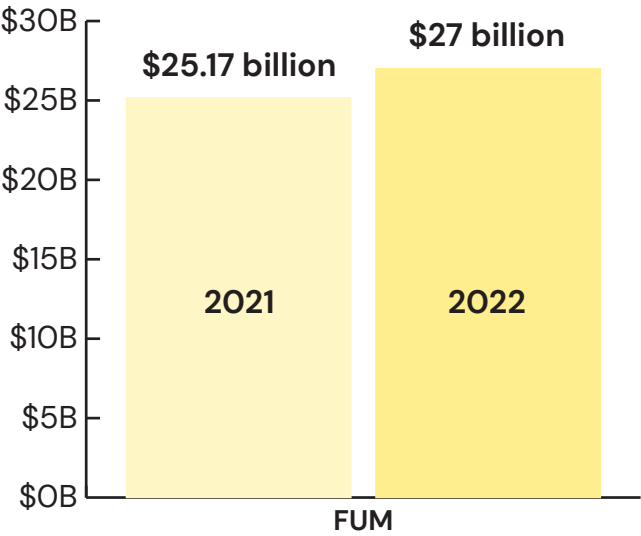
Setting of fees and operating costs

The fees and costs we charge are designed to provide good long-term value and be sustainable, competitive, and equitable. Administration fees relate to the cost of providing services like our contact centre, member seminars, member communications and online tools to provide our members with what they need to grow their super for retirement.

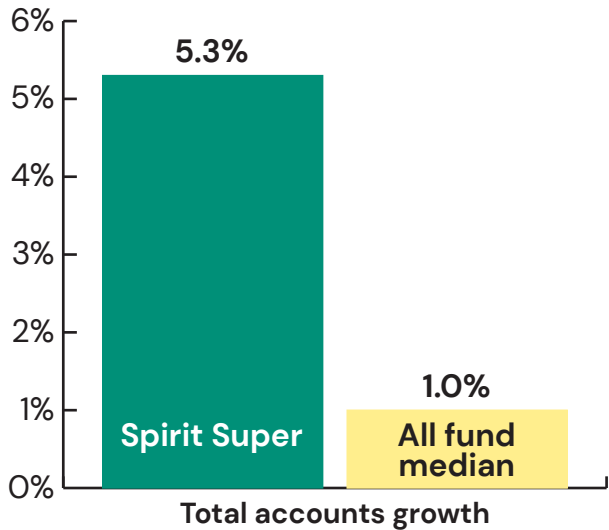
Spirit Super's operating cost metrics are low relative to industry with the fund positioned within the lowest cost quadrant and demonstrating our continued ability to control and keep costs low through our operating model relevant to the size and membership of our fund over the 2022-23 financial year 2022-23. The fund's operating expenses relative to net assets (member expense ratio) were 0.29% per annum, below the median fund of 0.34% per annum, with our cost per member at \$229, remaining significantly below the industry median of \$332.<sup>13</sup>

These results confirm that our operating costs aren't inappropriately affecting the financial interests of our members and our fees are set appropriately in the best financial interests of our members.

<sup>13</sup>Source: SuperRatings Benchmark Report 2024.



Funds under management \$27 billion.  
Up 10.6% over the 2022-23 financial year.



Total accounts growth up by 5.3%  
over the 2022-23 financial year.

<sup>12</sup>Source: SuperRatings Benchmark Report 2024.

# Annual determination for the period ending 30 June 2023

Based on this assessment the trustee has determined:

- that the Spirit Super MySuper product compares well to peers and meets the financial interests of beneficiaries in regard to fees and costs, returns, investment strategy and the level of investment risk
- that the financial interests of the beneficiaries of Spirit Super are promoted by the trustee because:
  - the options, benefits and facilities offered are appropriate
  - the insurance strategy for the MySuper product is appropriate and the insurance fees don't inappropriately erode retirement income
  - scale within the trustee's business operations isn't causing a disadvantage
  - operating costs of the trustee's business operations aren't inappropriately affecting the financial interests, and
  - that the basis for the setting of fees is appropriate.

## Appendix 1 – Assessment methodology

This *Member outcomes assessment* complies with the requirements of the *Superannuation Industry Supervision Act 1993 (SIS Act)* and *Superannuation Prudential Standard 515 Strategic Planning and Member Outcomes (SPS 515)*.

As prescribed by the regulations of the Australian Prudential Regulation Authority (APRA), the member outcomes assessment includes:

- assessment of our performance relative to peers (comparison factors):
  - investment returns
  - fees and costs
  - investment risk
- assessment of the appropriateness of assessment factors:
  - investment strategy
  - insurance strategy and fees
  - options, benefits, and facilities
  - fees and costs
  - scale
  - the setting of fees and operating costs.

### Comparative factors

Returns, fees and investment risk for the MySuper product are compared to the median for a reasonable peer group as noted in the following table.

Peer group	Data source
All MySuper APRA products	<ul style="list-style-type: none"><li>• APRA Annual performance test – MySuper</li><li>• APRA quarterly superannuation product statistics.</li></ul>
Balanced options with similar growth allocation	<ul style="list-style-type: none"><li>• SuperRatings Fund Crediting Rate Survey to 30 June 2023.</li><li>• SuperRatings Benchmark Report 2024.</li></ul>

## MySuper investment returns

Net return<sup>14</sup> (investment return minus administration and investment fees and costs) for a \$50,000 account balance invested in the MySuper option as at 30 June 2023.

	1 years %	3 years % pa	5 years % pa	7 years % pa	10 years % pa
<b>Spirit Super</b>	<b>9.19</b>	<b>7.50</b>	<b>5.79</b>	<b>7.02</b>	<b>7.84</b>
Relative to median	<b>0.14</b>	<b>-0.02</b>	<b>-0.09</b>	<b>0.09</b>	<b>0.52</b>

**Returns above peer median. | Returns below peer median.**

<sup>14</sup>Net return is the return after administration and investment fees and costs, transaction costs and taxation for a representative member with an account balance of \$50,000. Source: SuperRatings Fund Crediting Rate Survey [SR50 Balanced Index (60-76)] to 30 June 2023 including products that have the approximate ratio of 60-76% growth assets which is the most appropriate comparison to the Spirit Super MySuper product. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

## MySuper product investment options – investment risk

Spirit Super has undertaken internal modelling of expected risk and returns across asset classes, drawing on market assumptions provided by the investment consultant and metrics reflecting the portfolio construction of Spirit Super's asset classes. This modelling is used to construct an expected distribution of returns for each investment option to assess the risk of any option generating a negative return in a 20-year period, referred to as the standard risk measure.

The following table provides modelling undertaken in 2023 for the MySuper product based on Spirit Super's asset class assumptions and compared the output with the standard risk measure disclosed in Spirit Super's *Member guide* (PDS) at 30 June 2023.

## Assessment of standard risk measure as at 30 June 2023<sup>15</sup>

Option	Number of negative years in any 20-year period	
	Target standard risk measure	Standard risk measure
<b>Spirit Super MySuper</b>	3 to less than 4 years	<b>3.8</b>

**Standard risk measure within target range.**

**Standard risk measure outside of target range.**

<sup>15</sup>Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

The following compares standard deviation of the MySuper product as a measure of volatility in returns relative to comparable options over 3 and 10 years.

## Standard deviation<sup>16</sup> as at 30 June 2023

	Spirit Super % pa	Median % pa
3 years	<b>6.06</b>	6.71
10 years	<b>5.77</b>	6.31

**Standard deviation below peer median.**

**Standard deviation above peer median.**

<sup>16</sup>Source: SuperRatings Fund Crediting Rate Survey to 30 June 2023.

## Assessment factors

Assessment factors determine whether the level of risk, additional benefits, services and facilities, and default insurance associated with our MySuper, product is affordable and appropriate to members holding this product.

Further, an assessment of the scale, operating costs, and the basis for setting fees has been undertaken to determine that they're not causing disadvantages or inappropriately affecting the financial interests of our members.

## More information

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