

## Trustee Tailored Super Update



[Trustee Tailored Super](#) (TTS) provides Australia's 100 largest superannuation trustees an IP protected better solution compared to the current default option choices (being a one-size-fits-all 'Balanced' investment option or age-only based 'Life-Stage'). It covers the majority, 75+%, of members who have not advised their trustee of an investment option for their collective \$550 billion super balances.

ESIC status may provide investors ten years CGT free and 20% tax back - just in time for EOFY planning.

We are pleased to confirm that on 26 May 2017 we received confirmation of [Early Stage Investor Company \(ESIC\) status](#) from the [ATO](#).



In May 2017, it was confirmed by [Super Ratings](#), that 32 funds are failing the APRA Member Assessment (Scale) Test, leading to a call for the regulator to merge them. Further the bulk of funds, 68%, were behind requirements and for those MySuper funds in this precarious position it could "spell their death knell".

Tailoring to members' retirement prospects using TTS can be the solution for these funds! It beats the APRA test, is a member attraction strategy and outstrips, up to tenfold, the alternative (0.10% to 0.15%) merger scale benefits.

### Time to replace that bucket

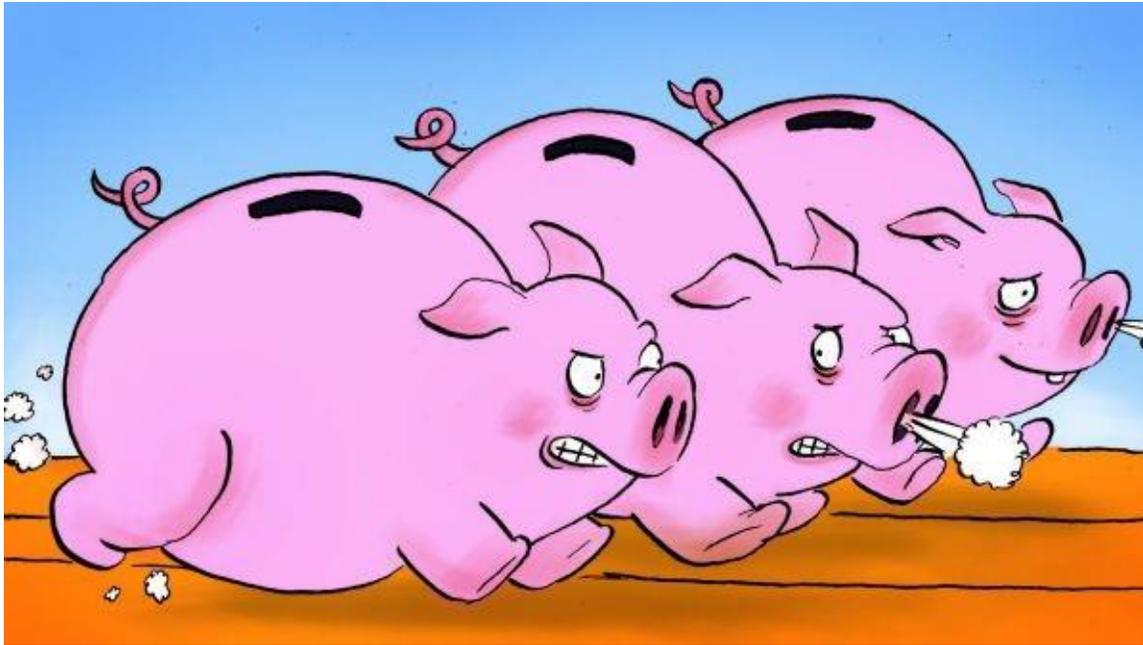
We continue to highlight, that without Smart Defaults like TTS, in 2050 it's projected that 80% will still need support through the Age Pension, plus that 4.5 workers now fund that per pensioner - 2.7 workers will need to. It's getting worse and we know what happened to Japan as the population aged!

This global issue was highlighted in a May 2017 [report by the World Economic Forum](#).



Super is good but it's not yet achieving its retirement objective. However with innovation and TTS it could by tailoring MySuper investment options. Creates a third increase, \$5 billion per year - not insignificant to the current \$44+ billion Age Pension cost or the 2050 estimated shortfall of \$136 billion.

At the national level, the Financial Services Council is producing a report on TTS and in July 2017 we are presenting at their [Leaders Summit](#). We have also briefed Federal Treasury and are hopeful they will run a version of TTS in their new [MARIA model](#) on the whole 14.5 million MySuper accounts.



Funds are racing each other to shore-up MySuper member attraction programs. None want to be paying out more in pension dollars than they receive in contributions to invest!

As industry stalwart, [Jeremy Cooper pointed out in May](#), "it's at the customer interface where industry is vulnerable...just imagine, if a Google/big global tech company turned up with an interface for super and some kind of global investment concept, the industry here would not be able to compete... super funds have Apps but they're pretty lame...If someone did it right, something with real value and not just a gimmick, there would be a stampede effect out of the existing funds".

Well it's here, don't need a Google or global - just one trustee willing to Act on TTS by taking 1st adopter risk on an Australian invention - watch this space!

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