

COVID-19: Impact on Australian Super Funds



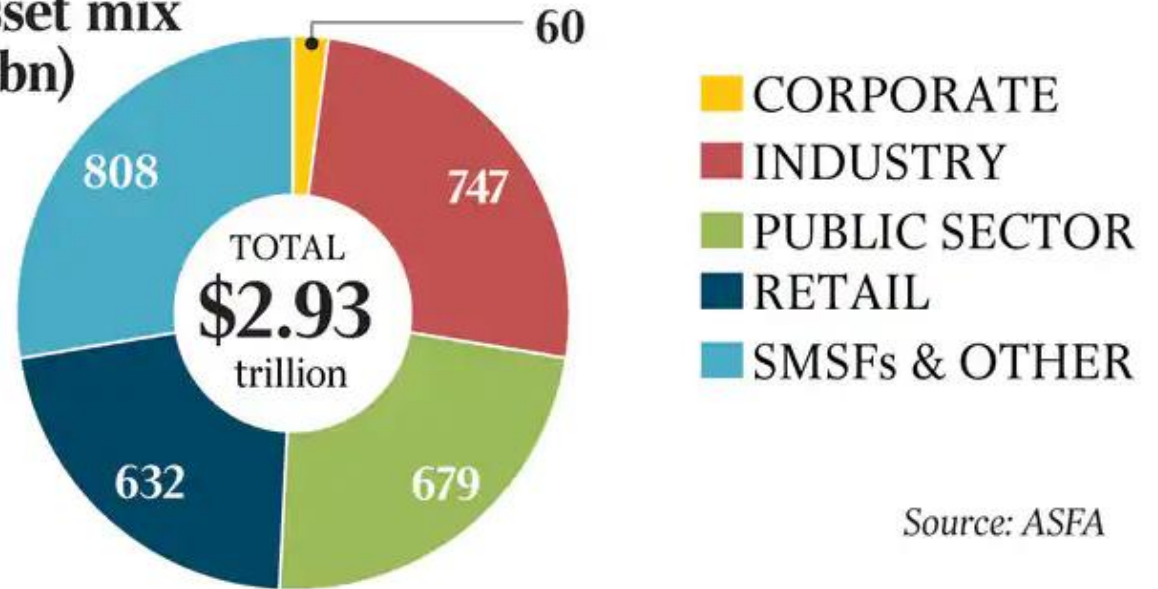
Paul Watson, Group Executive, Member Experience, Hostplus



Australia's Retirement Income System

- Based on 3 'pillars'
 - Age Pension (means-tested)
 - Superannuation (mandated / voluntary)
 - Non-super savings (incl. home ownership)
- Regarded amongst the better retirement systems in the world...
- ...But now facing mounting challenges – political, economic and societal

**Australia's superannuation
asset mix
(\$bn)**



Source: ASFA

About Hostplus

Hostplus today

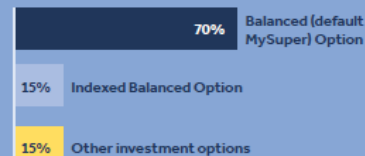
as of 30 June 2020

\$49b

Funds Under Management

1.3m
members

Where members are invested



256k
new member
accounts created

216k
employers

How we're helping
our members

739k
calls answered

\$162m
insurance claims paid

\$549m
in retirement benefits paid

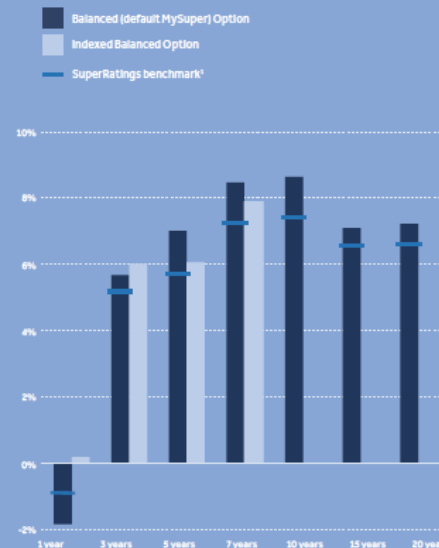
Early release of super

\$1.7b
paid to members

243k
applications paid

96%
processed within
5 business days

Our investment returns
to 30 June 2020 p.a.¹



1. Hostplus returns shown above are net investment returns for our two biggest investment options, net of investment-related fees, costs and taxes compared to the S&P500 median. All figures are taken from the SuperRatings Fund Crediting Rate Survey – S&P500 Balanced (60-76) Index, 30 June 2020. Indexed Balanced Option launched 1 December 2010. Past performance is not a reliable indicator of future performance.

- Established in 1988
- A world top 150 pension fund
- A member profit 'industry' fund
- 1st quartile net benefit results over rolling 5-30yrs
- Core focus on Australia's hospitality, tourism, recreation and sport sectors



Australia's COVID-19 Financial Support Response

- Led with **Early Access to Super** (ERS) scheme...
- Followed by temporary **JobKeeper** payment
- And **JobSeeker** (unemployment benefit w/ temp 50% C-19 supplement)
- Reduced pension drawdown & deeming rates for retired

Changes to JobKeeper payments

Current fortnightly rate will stay at **\$1500** until **September 27**

From September 28 - January 3, 2021



Full-time workers will receive **\$1200** per fortnight



Part-time workers will receive **\$750** per fortnight

From January 4 - March 28, 2021



Full-time workers will receive **\$1000** per fortnight



Part-time workers will receive **\$650** per fortnight

NEWSDAILY

Early Release of Super Scheme

NUMBER OF APPLICATIONS^



INITIAL APPLICATION

3.1M

Applications Received#

\$7,402

Average Application Amount

REPEAT APPLICATION

1.2M

Applications Received

\$8,439

Average Application Amount

VALUE OF APPLICATIONS (CUMULATIVE)



CURRENT STATUS OF PAYMENTS

\$32.6bn

Payments Made

3.3

Average Business Days to Payment*

\$7,680

Average Payment

95%

Apps Paid within Five Business Days

Early Release of Super Scheme



Early release applications received
as of 11/09/2020

Applications received
398K

Members
296K

Amount requested
\$2.88B

Balance

	Members	Amount requested	Proportion
\$0	3,406	\$11,620,882	0%
\$0 to \$10k	137,150	\$494,736,522	17%
\$10k to \$20k	59,807	\$577,804,528	20%
\$20k to \$50k	70,523	\$919,695,964	32%
\$50k to \$100k	38,863	\$561,835,571	20%
\$100k to \$250k	18,881	\$290,445,855	10%
\$250k to \$500k	1,426	\$21,419,928	1%
>\$500k	107	\$1,592,000	0%

Age

	Members	Amount requested	Proportion
<25	47,560	\$194,676,425	7%
25 to 34	131,320	\$1,147,079,905	40%
35 to 44	70,959	\$890,301,627	31%
45 to 54	35,506	\$481,340,353	17%
55 to 64	12,162	\$161,327,840	6%
>65	469	\$4,425,099	0%

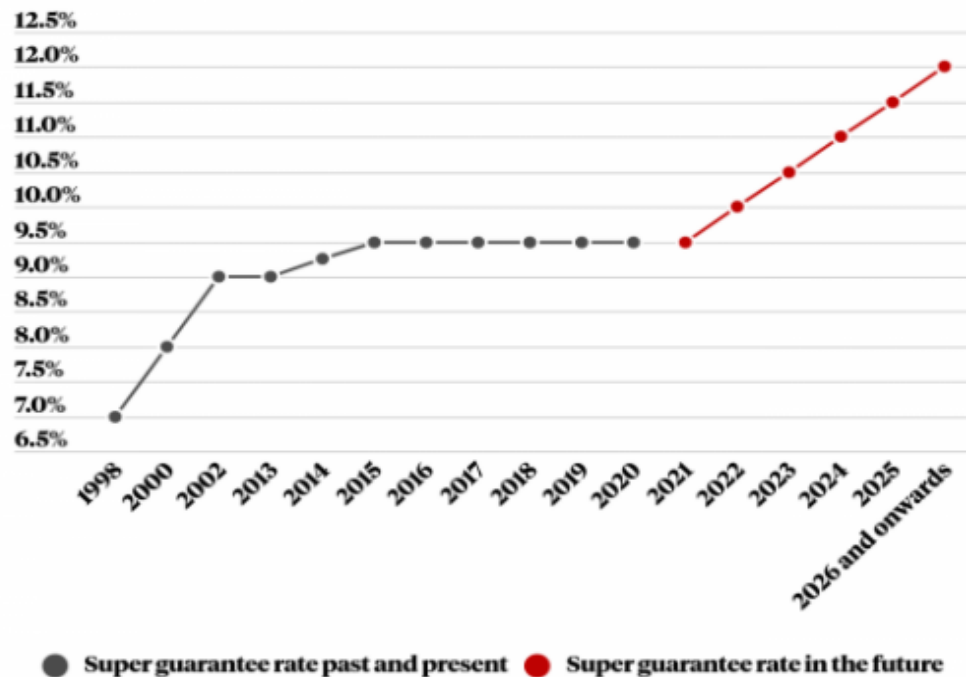
Tenure

	Members	Amount requested	Proportion
<1 year	30,091	\$152,107,001	5%
1-3 years	102,442	\$645,281,273	22%
4-5 years	35,685	\$305,155,725	11%
5-10 years	55,783	\$678,578,966	24%
>10 years	75,896	\$1,098,028,284	38%



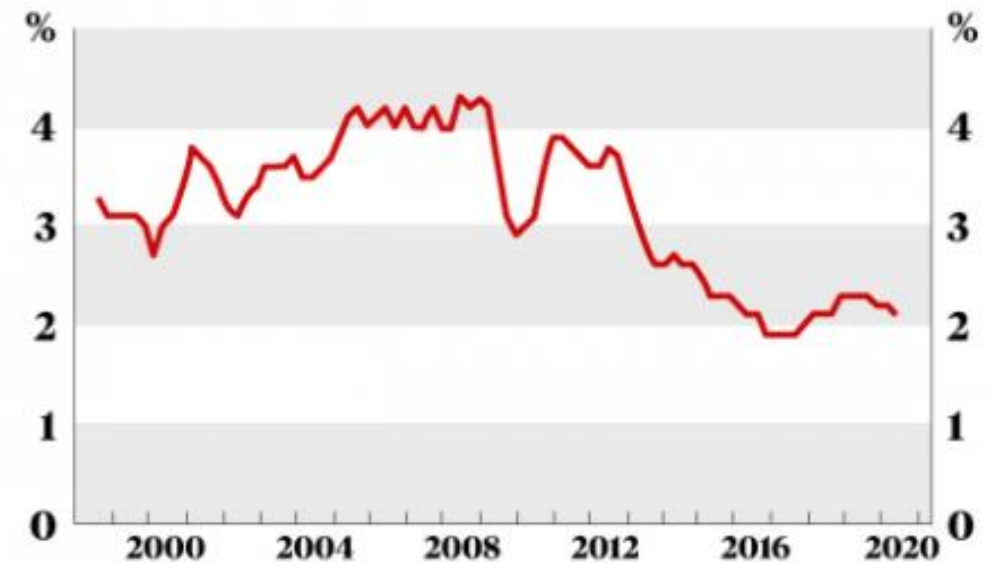
The Superannuation Guarantee

The superannuation guarantee over time



Source: Treasury

Wage growth over time



Note: Total pay excluding bonuses

Source: ABS

Australia's COVID-19 Response



In summary...

- Super, as one of the three pillars of Australia's retirement income model is under scrutiny and challenge
- The COVID-19 induced health and economic crisis has opened-up old policy debates as to the pros/cons of income now vs. deferred income for retirement
- We are on the cusp of a substantive testing of our SG, which is also triggering a broader review of our retirement income policy / system
- Our challenge, and opportunity, is to maintain our system's high regard while seeking to further improve it (sustainability, adequacy, political support and social licence to operate)
- ...But a silver lining is that Australians have never been more engaged in their super!