Default Investment Applications
The QSuper Experience

May 2019

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Who is QSuper?

Background

- Australia has a 3-pillar approach to retirement incomes:
  - Age Pension
  - Compulsory private savings
  - Voluntary private savings
- The superannuation system operates on a defined contribution **not** defined benefit basis
- All risks are borne by the individual
- Member response
  - Theory versus Reality
The Problem

• Trustees have a **fiduciary** duty to act for default members so…
• *How can we design appropriate investment solutions?*
• Issues to consider (not exhaustive)
  – Legislative: age and account balance, contribution rate, current salary, gender, term to retirement
  – Technological: scalability of solution
  – Data: availability, quality and frequency
  – Communication: in/external stakeholder value proposition
  – Performance: measure/s of success
Our solution – QSuper Lifetime

Never designed to be the final answer
Never intended to be perfect
But we started

What next?
How can we improve Lifetime?
Build more cohorts?
Continuous improvement

- Review
  - Validate outcomes against expectations
  - Leverage accumulated evidence base to enhance arrangements
  - Retest and/or reconfirm assumptions
- Personalisation
  - Cohort of one paradigm
- Development challenges
  - Scalability
  - Decision-making
  - Communication
Development Tools

Demonstration
Next Steps

• Embedding philosophy across Group
  – Sharing principles, processes and applications more broadly
• Maintaining organisational focus and interest
  – Communicating the **why** is often more important than the **what** or **how**
• Continuing to build out the monitoring and reporting suite
  – Fit-for-purpose tools facilitate doing different things and/or doing things differently
Development Tools
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