



Suncorp Group Limited
ABN 66 145 290 124

The Commissioner, the Honourable Kenneth Madison Hayne AC QC
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
Via email: FSRCsolicitor@royal.commission.gov.au

14 March 2018

Dear Mr Hayne,

**Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
- Supplementary Submission**

I refer to your letters of 15 December 2017 to Suncorp Group Limited, Suncorp-Metway Limited, Suncorp Life & Superannuation and Suncorp Portfolio Services Limited, inviting written submissions in relation to those entities and their associated entities ("**Suncorp**"). I also refer to Suncorp's submission dated 29 January 2018 ("**First Submission**"), the relevant portion of which is included in Appendix A for ease of reference.

Suncorp makes the following supplementary submission in relation to question 4 of your letters of 15 December 2017.

LEGACY SUPERANNUATION FUNDS

In the First Submission, Suncorp indicated that it would provide further details in relation to superannuation funds that were, between 2008 and 2011, involved in Successor Fund/Intrafund Transfers into the Suncorp Master Trust ("**SMT**").

These funds were:

- Asteron Life Superannuation Fund
(changed name to the SMT at the end of the 2008 financial year)
- Connelly Temple Public Superannuation Fund
- Asteron Superannuation Fund
- Optimum Professional Super Fund
- Optimum Superannuation Master Plan
- Tyndall Superannuation Plan
- Suncorp Personal Superannuation Fund
- Suncorp Superplan
- Suncorp Secure Preservation Plan
- Suncorp Easy Super
- Suncorp Staff Super Plan

In respect of each of the funds listed above, Suncorp confirms that:

- (a) its answers to question 4(a) and (b) are the same as the answers provided in the First Submission in respect of SMT, being "Nil" and "N/A"; and
- (b) in relation to question 4(c), in addition to the costs centres identified in the First Submission, the following additional cost centres made up the costs attributable to the administration and operation of one or more of the funds listed above for the years in which they were in existence:
- trustee reimbursements (incorporating bank charges, incidental investment expenses, expense recoveries disclosed to members and other expense adjustments);
 - administration charge – expense (the equivalent of "monthly management charge – expenses" disclosed in the First Submission, which was only applicable to the Suncorp Staff Super Plan);
 - trust/administration expenses (only applicable to the Suncorp Staff Super Plan);
 - legal and consulting expenses (the equivalent of "consulting fees – deductible" disclosed in the First Submission, which was only applicable to the Suncorp Staff Super Plan);
 - printing costs (only applicable to the Suncorp Staff Super Plan);
 - investment switching fees;
 - contribution/transfer fees; and
 - APRA levies (captured under "other costs" disclosed in the First Submission but separately accounted for in the Suncorp Staff Super Plan).

All Suncorp superannuation funds have optional insurance cover (including, for example, life cover, total permanent disability cover, and income protection cover). Suncorp has taken the view that deductions from members' funds for insurance premiums fall within the category of "payment of member benefits" in question 4(a) of your letters of 15 December 2017. For completeness, Suncorp considers the payment of insurance premiums is in the best interests of those members who have this cover as it provides them with tax effective insurance cover to supplement their retirement savings in the event they are unable to work due to illness or injury or pass away prematurely.

SUNCORP DEFINED BENEFIT FUND

In the First Submission, Suncorp indicated that it would provide further responses in relation to a legacy fund, the Suncorp Defined Benefit Fund (formerly Promina Group Staff Superannuation Fund) ("SDBF").

In relation to SDBF, Suncorp confirms:

- (a) its answers to question 4(a) and (b) are the same as the answers provided in the First Submission in respect of SMT; and
- (b) in relation to question 4(c), the cost centres below made up the costs attributable to the administration and operation of SDBF during the years 2008 to 2015:
- actuarial and consulting fees;
 - administration fees;
 - legal fees
 - audit fees;
 - finance charges;
 - reimbursement to employer;
 - tax agent fees; and
 - APRA fees.

Yours sincerely



David Carter

Chief Executive Officer, Banking & Wealth
Suncorp Group

SECTION 3 – SUPERANNUATION

Response to Question 4

SPSL (RSE Licence NO L0002059) is the trustee for Suncorp Master Trust (“SMT”). Following the merger of Suncorp and Promina in 2007, a series of structural rationalisation activities occurred throughout the combined superannuation businesses. On 30 June 2008, SPSL became the trustee in relation to the Suncorp superannuation funds previously issued by Suncorp Superannuation Pty Ltd (“SSPL”) at which time the assets of a number of Promina and Suncorp superannuation funds (excluding Suncorp EasySuper and Suncorp Staff Super Plan) were transferred to SMT. The Suncorp EasySuper fund was subsequently successor fund transferred into the SMT in tranches during 2010 and Suncorp Staff Super Plan transitioned in 2011. Prior to this time Suncorp Superannuation Pty Ltd and SIS Super Pty Ltd were the licensed trustees for Suncorp superannuation funds and Asteron Portfolio Services Limited (now SPSL) was the trustee of the Promina superannuation funds.

Q4(a) Nil, with the exception of any payments which have been subsequently reversed for being in error.

Q4(b) N/A.

Q4(c) The cost centres below make up the costs attributable to the administration and operation of SMT during the years 2008 to 2017:

- monthly management charge – expenses;
- initial management charge – expenses;
- commission – trail;
- policy fee – expense;
- allocation charge – expenses;
- APRA levy super fund;
- annuity payment fee – expense;
- audit fees – direct expenses;
- commission expense – asset;
- other costs (note that this is the heading of the cost centre and that it has, from time to time, included costs such as bank charges, custodian expenses and Australian Tax Office and APRA payments);
- termination charge – expense;
- rebate of advisor fees;
- bank charges – investments;
- investment management expenses;
- management fees – investments;
- management fee rebate;
- rebate of fund manager fees;
- surcharge tax expense;
- surcharge interest;
- advisor service fee;
- expense recovery fees;
- admin fees to SLSL;
- investment subsidy expense;
- consulting fees – deductible; and
- penalty interest.

Due to the fund & product rationalisation that took place from 2008 through to 2011, as described above, all of the membership within the following superannuation funds were involved in Successor Fund/Intrafund Transfers into the SMT in the period between 2008 and 2011:

- Asteron Life Superannuation Fund (changed name to the SMT at the end of the 2008 financial year)
- Connelly Temple Public Superannuation Fund
- Asteron Superannuation Fund
- Optimum Professional Super Fund
- Optimum Superannuation Master Plan
- Tyndall Superannuation Plan
- Suncorp Personal Superannuation Fund

SECTION 3 – SUPERANNUATION

- Suncorp Superplan
- Suncorp Secure Preservation Plan
- Suncorp Easy Super
- Suncorp Staff Super Plan

Obtaining the relevant accounting records required to support our response in respect of these old entities requires significant effort and these funds were not in operation for the majority of the reporting period requested by the Royal Commission (most of the SFTs occurred on 30 June 2008 and only Suncorp Easy Super and Suncorp Staff Super Plan continued until 2010 and 2011 respectively). Suncorp is endeavouring to obtain this information and will advise the Commission as to the likely timing of this further information as soon as possible.

Suncorp is also still accessing the necessary accounting records in relation to one other legacy fund, being the Suncorp Defined Benefit Fund, formerly Promina Group Staff Superannuation Fund (wound up on 1 December 2015). SPSL was the trustee of this small fund (approximately 180 members at the time of the wind up) but as all aspects of its administration were outsourced, we are still in the process of obtaining all necessary information from the external administrator information and will advise the Commission as to the likely timing of this further information as soon as possible.

It appears to Suncorp that this question is directed toward 'superannuation funds' rather than other types of "registrable superannuation entity" given the framing of question 4(a). If the Commission has a different view, Suncorp will expand its answer to question 4 to cover two pooled superannuation trusts of which SPSL is trustee.