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# NGS Super CEO update

December 2010

(incorporating Board Meeting outcomes)



Anthony Rodwell-Ball  
Chief Executive Officer, NGS Super

## CEO update as at 4 January 2011

This report will cover two matters: firstly, a topical issue relating to NGS Super's financial planning service, and, secondly, an update on Board and Board Committee meetings held in November and December.

### Financial planning service

NGS Financial Planning was launched in August 2009, and members have shown pleasing, and increasing, interest in the service. The process of face-to-face meetings with planners was augmented in September 2009 and enhanced with the introduction of a 'single issue' telephone advice line (available by calling 1300 133 177 during business hours) in November. The specially trained advisers on this line are able to provide answers to questions you may have on single, superannuation-related issues such as which investment option(s) may be the most appropriate, (based on an assessment of your appetite for

risk), your contributions strategy (e.g. whether you should be salary sacrificing superannuation from your pre-tax salary or contributing post-tax, depending on tax effectiveness), and explain what life, TPD and income protection insurance you have or is available ('TPD' is an industry acronym meaning 'Total and Permanent Disablement' and there are defined medical criteria relating to claiming on this insurance).

Should the telephone adviser assess that your questions or issues are complex and do not fall under the scope of a 'single issue' such as those described above, a referral appointment will be made for you with an NGS financial planner.

It is worth explaining and clarifying the charging arrangements that apply for these services:

1. Single issue telephone advice: this is free, but limited to a single issue (although you can make as many calls as you like relating to any of the issues described above);
2. Financial planning: first hour of consultation is free;
3. During this consultation, the planner will obtain an understanding of your financial position and needs and assess whether or not there is a need to recommend a more detailed assessment of your financial situation and proceed to the provision of formal, written advice.

### The first, no charge consultation

This discussion is exploratory and fact finding in its nature, and only provides general advice as part of the discussion on your financial situation and objectives. Some members have expressed

disappointment with this, believing that this consultation will yield a concrete action plan that will enable them to put in place strategies to immediately transform their financial situation. The fact is that the majority of people seeking advice are mature in years, their affairs are reasonably complex, and wealth creation strategies available may depend on a number of inter-related issues: the member's age, income and super balance, taxation implications, the superannuation legislative environment, Centrelink entitlements and privately held, income-producing assets to name a few.

The first interview is therefore fact-finding and allows the planner a preliminary insight into your financial health only. (Perhaps compare this experience with your first visit to a new medical practitioner, where you are suffering from something more complex than a common cold; a range of tests and medical screening is almost certainly going to be ordered before a diagnosis is made and targeted treatment can commence).

### Subsequent consultations

Depending on the assessment made, and with your agreement, the planner may recommend proceeding to the next stage, which will result in the production of a personalised, written financial plan. Charges apply for this, depending on the complexity of the plan agreed upon, but NGS Super allows for the charges to be paid from your super account (in direct proportion to the advice given on NGS super-related issues). This plan will outline actions necessary for you to put in place a wealth creation strategy in the superannuation/pension environment. There is also an option to review progress on an annual basis (if you wish).

Please note that there is no obligation whatsoever to proceed with a plan, and planners have been instructed to present the facts and leave it to the member to decide. They do not have sales targets and are not paid commissions; the services they provide are offered with only the member's best interests in mind.

### Peaks and troughs in service provision

One challenge for management lies in the professional occupation of most of our members, who work in the education sector and therefore have most free time in school holidays. This is challenging for us because we have peak demand in the holidays, and comparatively quiet periods in school terms. Supply of appropriate planners is not elastic, and, as an 'all profits to members', low cost fund we are mindful of not putting on unnecessary resources, which will potentially waste money.

So I appeal to you to do the following:

1. Please use the Telephone Advice Line to its fullest extent (comparatively simple administrative tasks such as completing forms, etc can be done over the phone with the Customer Service Team's assistance rather than in a face-to-face appointment with a planner);
2. Please ring as early as you possibly can to book an appointment with a planner in the school holidays (particularly prior to Christmas for appointments in January): this will assist us with our resource planning and scheduling, and minimise costs. Unfortunately we cannot always guarantee an appointment at a time convenient to you on short notice.

Any feedback that members have on the above explanation of this important new service would be much appreciated.

## November/December Board and Committee Meetings: outcomes

The Board and its various Committees met on 30 November and the Investment Committee met again on 20 December 2010. Major topics discussed at these meetings included:

### Investment Committee: Investment environment and results

The Investment Committee and Board comprehensively reviewed investment returns by investment option, asset sector and investment manager for the periods ending 30 October and 30 November.

The Board noted that NGS Super had achieved outstanding returns in the Diversified Option so far in 2010/2011, with top quartile results in the four months to 30 November as well as over the one, three and seven year time horizons\*.

It noted also that the returns in the underlying investment options revealed similar pleasing consistency, and that returns in the Cash Option were showing significant improvement as a result of more active management of the portfolio.

At both its November and December meetings, the Investment Committee considered and discussed a number of other reports, including comparisons between actual and model asset allocations, the asset consultant's quarterly report, reports on individual portfolio mandates, as well as notes on currency management strategies, style research and the Fund's liquidity position, and reports on research trips overseas conducted by the Investment Counsel.

## Risk, Audit, Finance and Compliance Committee (RAFC Committee)

The RAFC Committee, and subsequently the Board, reviewed, discussed, and where appropriate, approved:

- Trustee operating statements to 31 October, noting that as income was in line with budget and expenses well contained, the bottom line result was better than budget
- The quarterly suite of Compliance and Risk Management reports
- The report received from APRA, the prudential regulator, on its findings from its review of the Fund conducted in October
- A review of the Risk Management Framework and an update to the policy document conducted by the Compliance and Risk Manager.

## Marketing Committee

The Marketing Committee and Board reviewed reports outlining marketing and communications activities undertaken since the last Board meeting. The following were noted:

- The independent rating house SuperRatings' assessment of the NGS Super accumulation and pension divisions for 2011, which resulted in the top rating for five out of six criteria measured, and the awarding of 'Platinum' rating for the fifth successive year
- The independent research and rating house Chant West naming of NGS Super in the top ten best all-round funds in Australia. The Board noted also that NGS was also listed in their:

- top ten rated pension funds
- top ten rated funds for investment and returns
- top five rated funds for member education and communications
  - and that NGS shared this honour with only two other funds in the top ten listed
- The launching in November of the first edition of the member magazine 'Retirewise' aimed at members approaching or in retirement
- Reports updating the Committee and Board on other current marketing and communications activities.

## General matters

### The Board:

- noted and endorsed the recommendations of the Insurance and Claims Review Committee
- noted the progress being made in the planning for the merger with Cuesuper
- noted the CEO's reporting against the Strategic Plan and the 2010/2011 Business Plan.

\* Per the SuperRatings survey of SR50 Balanced funds at 30 November 2010

### Next meetings

It was noted that the next meetings of the Board and Committees would be as follows:

#### Investment Committee meeting:

Tuesday 8 February 2011

#### Board meeting:

Wednesday 8 February 2011

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