

NTGPASS Management and Administration Reforms

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What will be covered today?

NT Superannuation Office

- How NTGPASS currently works
- Why are we reforming?
- What are the reforms?
- How NTGPASS will change
- What do you need to do?
- Progress on the reforms
- Next steps
- The selection process
- Why was Statewide selected?
- Returns comparison

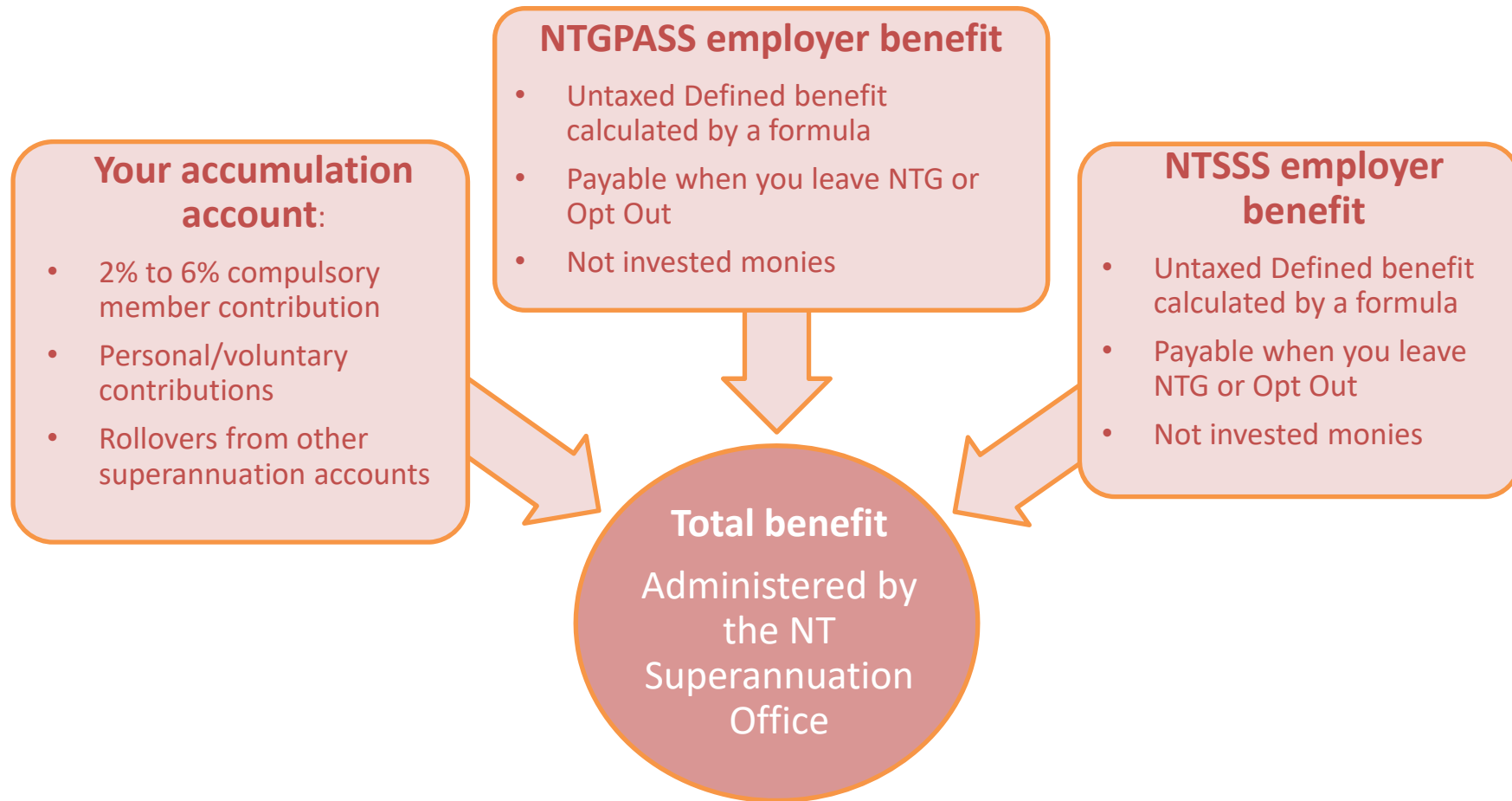
Statewide Superannuation

- About Statewide Super
- Member Services
- Transition and Investments
- Insurance
- Access to superannuation

Recap - How NTGPASS currently works

- Members contribute between 2% and 6% of salary into their accumulation account
 - This money and the earnings on it belong to the member
 - These individual savings accounts make up the NTGPASS fund
 - Superannuation Trustee Board responsible for investing the NTGPASS fund
- In return for making their contributions, members earn 'benefit points' each year
 - 1 benefit point for each % of contributions (e.g. 6% contribution = 6 points)
- When a member leaves NTGPASS, these benefit points are used to calculate their NTG-funded lump sum **defined benefit**
 - Benefit points * 2.5% * benefit salary (average of last 3 contribution salaries)
 - Example: 120 benefit points * 2.5% * \$112 138 (AO7) = \$336 414
- On leaving NTGPASS, the member receives their savings (plus earnings) **plus** the lump sum. NTGPASS members also belong to NTSSS (additional 3%p.a.)

Recap - How NTGPASS currently works



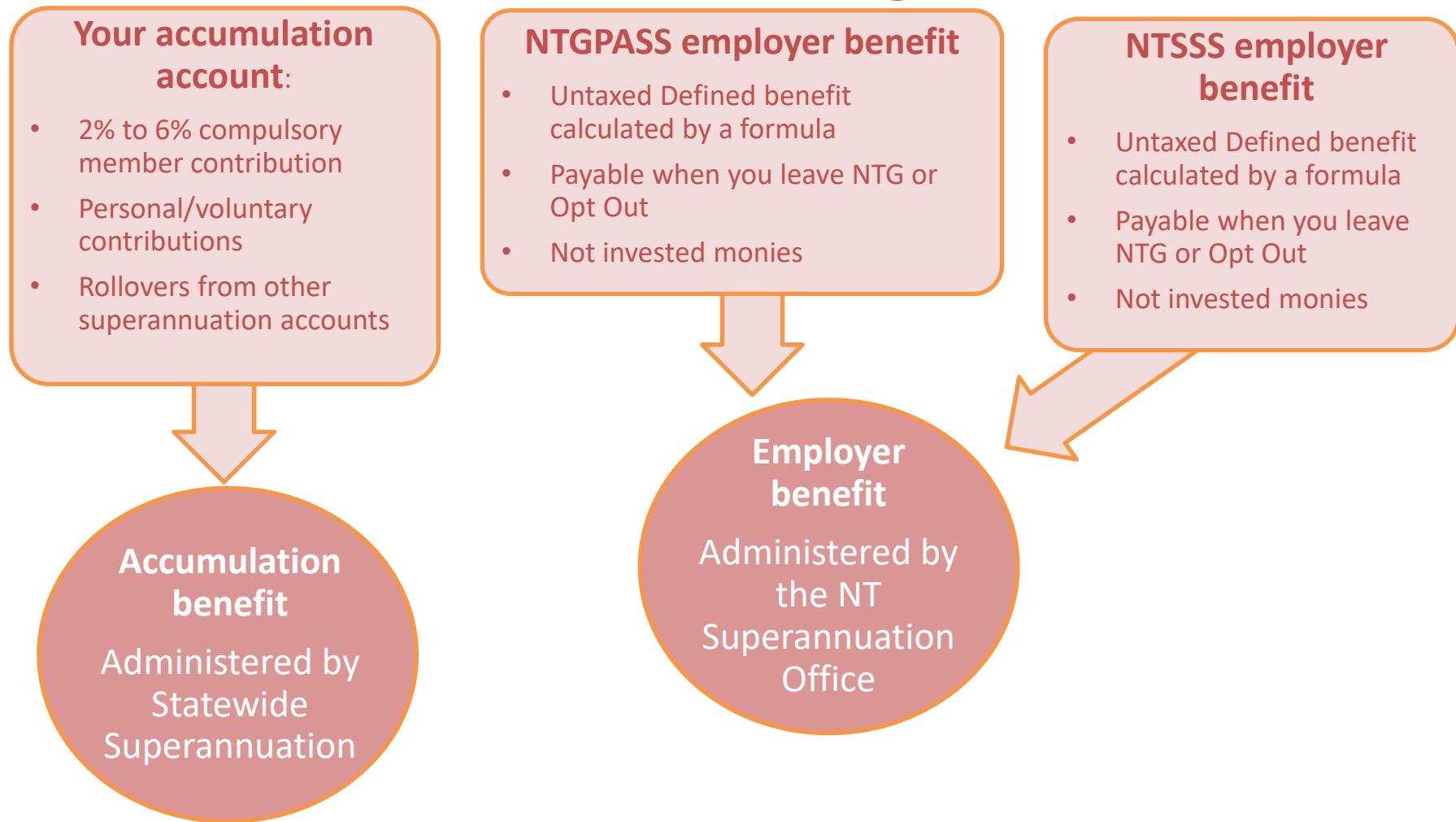
Why are we reforming?

- NTGPASS closed to new members in August 1999
 - Membership of 12 000 is now just over 2400 members
 - Declining membership means we are locked out of some long term growth assets, resulting in lower investment returns for our members
 - Small specialized team within the Superannuation Office (NTSO)
 - But we are a government fund, so cannot offer the same range of member services as larger funds
 - Increasingly onerous ATO and APRA reporting
 - NTGPASS has similar regulatory reporting obligations to funds with many more members and billions of dollars of member money
 - With status quo, the NTSO faces need to recruit more staff with specialised expertise to keep delivering the same services to a declining membership
 - New IT system needed, as current system (SuperB) is unsupported beyond 2020
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What are the reforms?

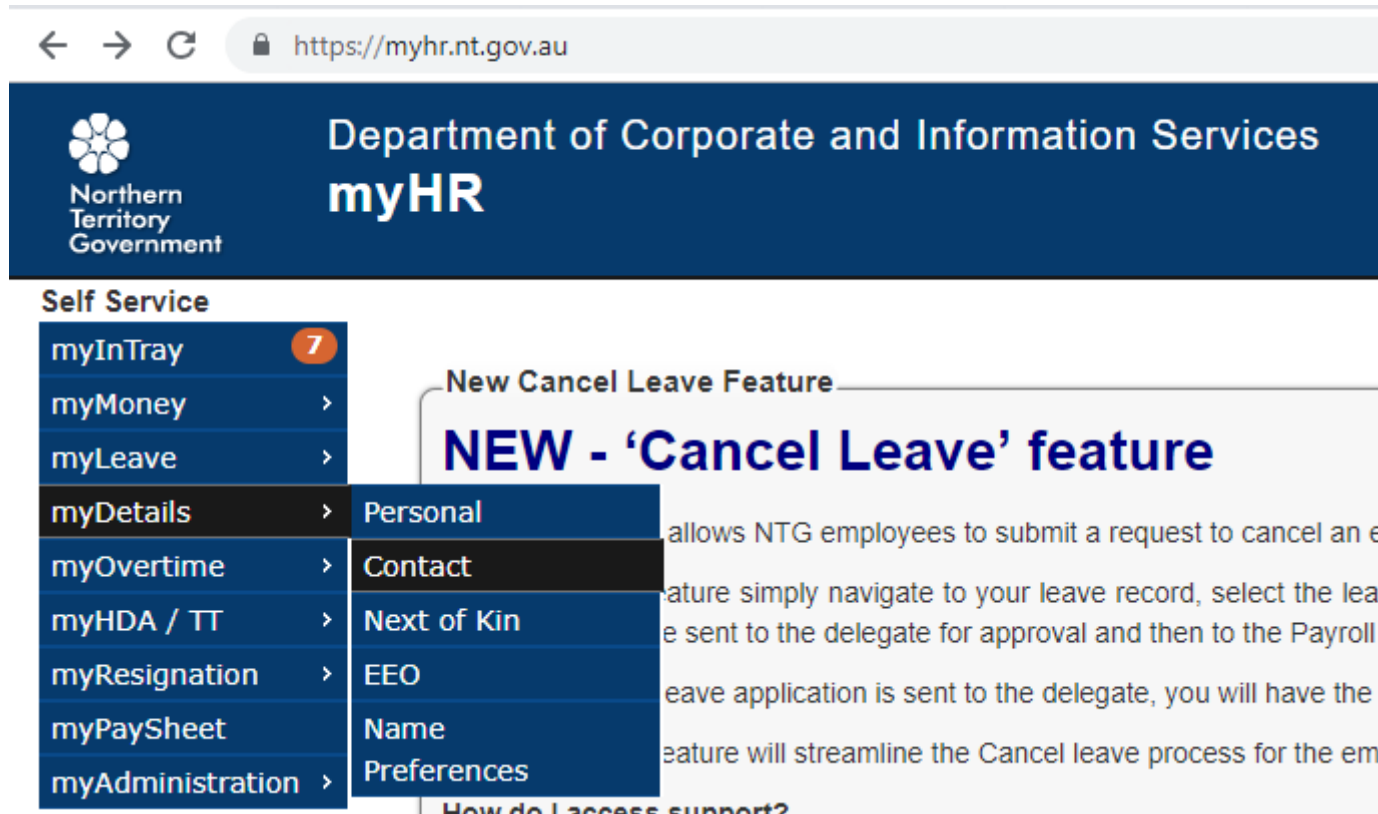
- Successor fund transfer of members' accumulation accounts (\$556M) to an external fund
 - Statewide Superannuation has been selected as that fund
 - After the transfer to Statewide, members can choose to leave their accumulation accounts with them, or roll them over to another fund of their choice
 - Expect the transfer to Statewide to happen in mid-May 2019
- Government-funded lump sum defined benefit will not change and will continue to be managed and paid by the NTSO when you leave
 - You still need to contribute to a fund each fortnight to earn benefit points
 - Death and invalidity defined benefits both remain unchanged
- After the transfer you will receive two annual superannuation statements
 - One from the NTSO for the NTGPASS and NTSSS defined benefits
 - One from Statewide for your contributions and savings

How NTGPASS will change



What we need you to do now...

- Update your contact details in myHR, to ensure that the NTSO and Statewide can write to you



The screenshot shows the myHR portal interface. At the top, the browser address bar displays <https://myhr.nt.gov.au>. The header features the Northern Territory Government logo and the text "Department of Corporate and Information Services myHR". Below the header, a "Self Service" menu is visible with the following items: myInTray (with a notification badge of 7), myMoney, myLeave, myDetails (selected), myOvertime, myHDA / TT, myResignation, myPaySheet, and myAdministration. A sub-menu for myDetails is open, showing options: Personal, Contact (highlighted), Next of Kin, EEO, Name, and Preferences. To the right of the menu, a "New Cancel Leave Feature" announcement is displayed with the heading "NEW - 'Cancel Leave' feature". The announcement text states: "allows NTG employees to submit a request to cancel an ex... feature simply navigate to your leave record, select the leave... e sent to the delegate for approval and then to the Payroll te... leave application is sent to the delegate, you will have the o... eature will streamline the Cancel leave process for the empl...". A link "How do I access support?" is visible at the bottom of the announcement.

Progress on the reforms

- In February 2019, the Legislative Assembly passed legislation to:
 - Allow the transfer of the NTGPASS fund to an external fund
 - External fund needs to provide members with “equivalent rights” in respect of their benefits
 - Transfer needs to be in the best interest of members
 - Ensure NTGPASS members keep making their compulsory contributions, and earning their benefit points
 - Allow members to choose who manages their accumulation account
- Statewide Superannuation has been selected by the NTGPASS trustees as the fund to receive and manage the NTGPASS fund on behalf of members
 - We expect the transfer to Statewide to happen in mid-May 2019
 - Currently negotiating the terms of the transfer to Statewide
 - Equivalent rights analysis being undertaken by lawyers for both trustees

Next steps

- We expect the final terms of the NTGPASS fund transfer to be agreed by both sets of trustees by the end of March 2019
 - The trustees will then sign a transfer agreement, provided they are satisfied:
 - the transfer is in the best interests of NTGPASS members, and
 - members will receive “equivalent rights” in respect of their benefits
- We will then write to you, to formally advise:
 - the date of the transfer
 - the last dates to claim your benefits (if leaving) or change investment options
 - the implications of the transfer
- Statewide will also write to you in preparation for opening an account with them
- Once the NTGPASS fund transfers to Statewide, both the NTSO and Statewide will write to you to confirm the amount transferred to Statewide

Selecting the new fund – what we wanted

- Offers a MySuper product
- Provides superior member services
- Northern Territory presence to service members
- Highly competitive fees and investment returns
- Account-based retirement products
- Offer financial advice services
- Sustainable economies of scale
- Provide competitive insurance products
- Compliant with the letter and the spirit of the law

Why Statewide was selected

- Statewide is an award winning fund
- Statewide's investment returns were the highest of all funds considered after all fees were deducted
- Statewide have competitive fees
 - An account-keeping fee of \$1.50 per week per account
 - Other fees are deducted from investment returns, making the returns 'net' of those fees – **NTGPASS has similar fees already**
- Statewide had an existing NT presence, and committed to:
 - Hiring two NT-based associate financial planners/financial planners
 - These planners can provide a level of free advice to members
 - Have dedicated staff in their call centre who are familiar with how NTGPASS works
 - Changing their call centre hours to match NT business hours

Why Statewide was selected (continued)

- Statewide also offered:
 - A suite of ten investment options
 - Ability to invest in only one option, or split how your savings are invested between options
 - Online account access, including the ability to switch investment options
 - A tailored insurance solution for NTGPASS members
 - Recognised the death and invalidity defined benefits already applying up to age 60
 - Account-based retirement products
 - The ability for members to withdraw money from their superannuation (where allowed by law), while continuing as an NTGPASS member (and so growing their defined benefit)

NTGPASS returns compared to Statewide's

Year	NTGPASS Growth	Statewide Growth
2013-14	14.04%	14.95%
2014-15	10.79%	11.48%
2015-16	1.66%	5.08%
2016-17	10.63%	11.10%
2017-18	8.16%	11.34%
2018-19*	2.36%	3.39%

* Up to 12 March 2019

- NTGPASS's five year average annual return to 30 June 2018 is 8.98%
- Statewide's five year average annual return to 30 June 2018 is 10.74%

NTGPASS Fees

- Statement/quote fees
 - Annual 30 June statement is free
 - \$35 for quotes during the year (fee ceasing after the transfer)
- Investment switch fees
 - First is free, second and subsequent are \$35
- Investment fees – based on account balance, depend on your investment option chosen
 - Investment fee - 0.138% and 0.546%, after rebates
 - Floating custody costs - 0.008% and 0.036%
 - Custody fee – 0.021% on all investment options
 - Investment returns shown are after these fees are deducted