

Equipped for the FUTURE

With the super industry becoming an increasingly competitive marketplace, Equip is separating from the pack by offering more diverse financial services and increasing awareness of superannuation in Australia.

Images by Estelle Judah Photography

Upon completion of her university studies, Danielle Press, CEO of Equip, began working for the Reserve Bank. She then moved to SBC, which became UBS, and gained experience in financial modelling as an economist. Danielle worked in Singapore and the United States before taking up her current role in May 2010.

In December 2012, Equipsuper rebranded as Equip to better display the company's broad offering and areas of expertise. "Really, it reflects the fact that superannuation funds are not just about super. Equip has superannuation, pension, and financial planning, and I believe that the superannuation funds that will survive in the future will be financial services businesses. To wed ourselves to super through our name just seemed a little counterintuitive.

"It was very much about bringing a financial services business into the market and really positioning ourselves to be that, rather than just superannuation, which takes you essentially to retirement and not through retirement. As a

fund, we are very passionate about taking our members through retirement, about changing the conversation from a lump-sum target for retirement—which is what super is to some extent—and about income replacement and financial adequacy through retirement."

There is a growing international trend that industry heads have dubbed 'the silver tsunami'—people looking to retire are worried they don't have enough to do so comfortably or have an amount that will provide an income for the rest of their lives. "Part of the solution is about partnering with a good financial planner. I have planners embedded within Equip, and those planners specialise in managing people through retirement. We still have many defined-benefit members with quite substantial retirement benefits, which often requires special expertise and advice. For many, their superannuation is actually worth more than their house, whereas generally you assume the family home is a member's biggest asset.

"We're also adding online tools and resources that enable

members who want to be more self-sufficient to understand their super and develop strategies for the future. This is because we recognise that not everybody will go to a planner, and quite frankly there are not enough planners in the country to service everybody in Australia. So we need to be providing better and smarter advice online.

"At the end of the day, there are only four mechanisms for improving your financial position for retirement—you either contribute more, you change your risk preferences, you work longer, or you change your expectations. So we need to work with members on the first three, and we need to do that a little earlier than we have, because at 55 to 60 it is actually too late. All that you can do then is change your expectations or work longer."

A key to Equip's ongoing success is the company's understanding of its clients as well as the wider market. "We have done a huge amount of work within the fund to segment our market, to understand what our members are doing and not just segmenting by age, because I think that is too simple. You can >

"We have done a huge amount of work within the fund to segment our market, to understand what our members are doing and not just segmenting by age, because I think that is too simple."

- Danielle Press



As featured in
The CEO Magazine
For more info visit
theceomagazine.com.au





Greg
@GPHindmarsh

Where can I find executive reward advice to set our organisation apart?



SuperThinking
@mercerAU

At Mercer, we specialise in helping you create executive reward strategies that not only satisfy corporate governance requirements, but also drive actions that support business objectives. Our experience both globally and locally gives us deep insight into benchmarks and best practice. That means we can help our clients develop motivating, responsible executive reward plans, informed by market practice but not restricted by it. It's just another example of SuperThinking. Call us today on +612 8864 6290.

Meet Tim Nice



Leader of Mercer's executive reward business in the Pacific region, Tim brings over 15 years of experience both as an adviser and in hands-on roles.

Tim advises many of the top ASX listed companies on executive reward strategy, bringing together vast insights from his consulting background and direct practical experience in corporate remuneration.

have a 65-year-old who is completely uninterested in the superannuation and a 30-year-old who is very interested in their super, so you have to segment by things other than just age. So we are trying to investigate and understand the behavioural as well as the demographic profile of our members.

“Also, we need to make it easy to communicate with us in other ways. We have made a big move on outbound calling, because we think it is really important to have that personal contact. Our financial planning is very important in that process.”

Part of identifying key markets and creating greater awareness of superannuation has come through Equip's recent partnership with Medibank. “That is really about being able to broaden the conversation with our members, particularly with our younger members, to be able to say, ‘There is something in this fund that matters to you today.’ For most 20-year-olds, superannuation is not really engaging because they're still another 30 to 40 years away from retirement. It is very hard to engage with people when you are looking that far out.

“It is about finding the things that are important, finding the conversation that you can have. Quite frankly, the message to most 20 to 25-year-olds is to just have one account and don't lose it. It is not about needing to contribute more or needing to do this or that. If I had one message for 20-year-olds, it is to find one account and keep it. Don't multiply your fees and don't multiply your insurance.”

By collaborating with external partners, Equip is able to extend its area of expertise, offering more comprehensive services to its clients. “It is absolutely critical for us to have good service providers

“Mercer and Equip share a long history – we work well together because we ultimately share the end game of achieving better retirement outcomes for members. Mercer colleagues are on the Equip team to help them enhance the financial wellbeing of their members.” - David Anderson, Managing Director and Market Leader, Pacific, Mercer



and good partners. One of the most important partnerships for us is Mercer. Mercer runs our administration. We basically insource things that we can add value in and we outsource things where we can't. We rely heavily on the services that Mercer provides because they are the day-to-day interface between Equip and its members. We moved service providers in April 2010 just after I started, because we had some significant administration issues before then. Our member satisfaction has gone up 10 to 15 per cent per annum every year, and the reason for that is that Mercer gets it right.”

The super industry has seen some major changes occur recently, particularly with the introduction of MySuper, which has been a hot topic of late. “I think what Jeremy Cooper was saying in his review, which was really the driver of the MySuper, was that as an industry we have got it wrong. As an industry, we have assumed that people choose, that super is just another financial product, and your members should be engaged, should want to choose, and will want to choose. People don't do that. Most people are in the default investment option, and we need to be a little more paternalistic than we have been in the past.

“What we have done is looked at our product and said, ‘Firstly, what do our members actually need, and what type of risk do they need to take to create an adequate retirement?’ as opposed to ‘We will just put you in a 70 growth/30 defensive investment because that is what everybody else is doing.’

That led us to de-risk our default, so we went from 70-per-cent growth assets to about 60-per-cent growth assets. What we also did was to say, ‘These members are entrusting us to make asset allocation decisions and entrusting us to protect their capital’. We need to manage that money in a different way that provides much more capital protection, as opposed to us just wanting to beat our peers and get the best return that the market gives us.”

Danielle is hopeful for Equip's future, even with the saturation of super funds on the market. “We have always, as a fund, punched above our weight. And I think we will continue to do that. For me, it involves knowing our members and asking what is important to them. How do we make that conversation change? I think that super is topical at the moment, and generally the media does not help the conversation if it focuses on lump sum at retirement. Basically, a lump sum means you feel really wealthy one day and then, when you convert it to an income, you feel really poor.

“We are about changing that conversation, and we will be very focused on starting the conversation earlier. We need to have the retirement and adequacy conversation with people who are 35 and 40, because that is when they could do something about it. If we wait until somebody is 60, it is just too late. For me, what Equip will be doing is trying to move that dial backwards to 40 to 45, and trying to engage with members in a different and meaningful way.” •