

Putting our members first

To meet competition pressures and members' expectations Cbus is evolving its service and product offering.



Member satisfaction¹

83%

highest level compared to major peers

1. Investment Trends, May 2017, Member Sentiment and Communication Report. Survey conducted in May 2017.

Cbus is a consistently strong-performing, well-known and regarded fund, but we don't rest on our laurels. To remain strong, we know we must constantly look and listen to better understand what our members want. Our members tell us that they want us to be clear and transparent and on the lookout for them. They do not want to be burdened by complex administration and they want us to respond to their needs by finding solutions to their problems.

Listening to members

In May, Cbus launched a new member survey to ensure it has constant feedback on members' concerns. The Voice of Cbus conducted via email and SMS is sent to members and employers, so that Cbus can hear what it needs to do better or what members value in the service.

It enables us to address any concerns. If we do get negative feedback we are able to respond immediately to the problem.

New website

In order to meet member and employer preferences for how they engage with their superannuation and in continuing response to digital changes, Cbus launched a new website in May 2016. Since that time, the number of members joining online has increased by 16% from 21,107 last year to 24,548 this year. Online tools usage has climbed and members are spending more time on the website.

The site was constructed to be more mobile friendly as research showed that our members are using their mobile phones to engage with us. In fact, mobile traffic usage is up by 100%.

Introducing video statements

To drive better member engagement with superannuation statements, Cbus delivered video statements to 70,000 members this year. The statements provide a retirement income estimate upfront complementing our approach to written statements, as well as delivering core information via a short video.

In focus

Luke Petersen Cbus Coordinator

Melbourne-based Cbus Coordinator Luke Petersen knows firsthand the value to members of workplace visits.

"There's always people asking questions," Luke Petersen says. "If we're not on site, most of the members will leave it and not think about their insurance or super. I see some people are learning things for the first time."

On one of his visits to a construction site in Melbourne's north, Luke runs through the importance for members working night shifts, or overtime, to ensure they are getting paid the right amount of super.

"Just come up after the meeting and we can check if you're unsure," he says. The new Cbus compliance cards help with this and Luke says he's able to get one to anyone who still doesn't have one.

He reminds them to keep adding to their superannuation while he's at it.

"You need to add extra yourself to your super account," he says. "Fifty dollars a week isn't much when you earn good money. You need to get on top of your

finances and just put a little sprinkle on top of it yourself to make sure you've got enough in retirement."

On this day, it's the topic of insurance that draws a lot of attention.

"You need to think about what is enough for you if you can't work again?" he says.

"I go out to help a guy with a TPD claim. He has young kids, a sizeable mortgage and his wife has never worked. \$26,000 is all he's covered for. I don't want the same thing to happen to you. The price per unit of insurance is \$3.50 per week and it's soon going down by 25%. You can apply to increase your insurance and get two extra units straight away."

There's a question from a member, "Does it only cover me at work?"

"No, 24/7" he replies.

Cbus also gives members insurance who have pre-existing conditions.

"Your insurance will cover anything except that pre-existing condition," he says.

It's very important to make it clear who are the beneficiaries of your superannuation.

"Superannuation sits outside of your Will," he says. "One way to give the money to someone is through a binding nomination, which has to be done every three years. I've seen a lot of problems between wives, girlfriends and children. Don't leave those problems behind – fill out the form."

Site visit: What do our members think?

Wayne Watson is 48 years old and has been in the building and construction industry for 23 years.

"It's really good speaking to Cbus onsite. We get the answers to the questions we have promptly. We think it's good service to have blokes like Luke come out. People are confident and happy with how Cbus is managed. We've never had any complaints."

Travis Smith is 32 years old and works in the crane industry. He has twin girls who are 18 months old.

"All my superannuation is with Cbus and the app is good. The investments are good, but I don't do enough to check it."

"I'm very interested in a value comparison of the insurance – to compare what I have outside Cbus to what Cbus offer, especially around the pricing of income protection insurance."

Below:
Luke Petersen (right) speaks to Cbus members on site about their super.



Putting our members first continued



Cbus Member, Matt Kapoulitsa.

Super recovered on behalf of members in the 2017 financial year

\$74.6 million

Ensuring compliance

The construction industry is one of the worst offenders of unpaid super due to the prevalence of insolvencies, contracting and casualisation of the workforce, and the cash economy.

We actively ensure our members are being paid their entitlements. This includes monitoring when companies fall into arrears, encouraging compliance and pursuing unpaid super on behalf of our members. Last year, we recovered \$74.6 million on behalf of members.

As part of our compliance work, Cbus is piloting new members cards in Victoria which will be rolled out nationally by the end of 2017. The new cards, will enable the checking of compliance, whether members' payments are up to date and if they are being paid the right amount of super, in order to address non-compliance faster and more efficiently.

Taking it to the workplace

From its inception, Cbus has had a dedicated team of Coordinators across Australia who visit members on the job to provide information and answer their questions about superannuation and insurance. Currently, our 22 Coordinators travel far and wide to spread the word and assist members with queries. This unique service is part of a suite of services designed to enhance our engagement with members.

Rolling out the front counters nationally

In response to a desire from members for face-to-face communication, we have rolled out more front counters in the last year. With Melbourne already established, 2017 saw the establishment of services in Adelaide, Sydney and Perth. The Brisbane office will be operational by late 2017.

In the six months from January to June 2017, the monthly average of members visiting the front counter, nationally, was 368 per month.

Retirement planning seminars

Cbus continues to hold retirement planning seminars across Australia with attendance continuing to grow. These seminars also include the attendance of a Certified Financial Planner from the Cbus network to allow members to meet a planner who can help if they require personal financial advice. Members are required to complete and submit a seminar feedback questionnaire, which allows Cbus to manage the referral and the reporting outcome.



Retirement readiness

We have developed a measure to estimate improvement, or otherwise, to members' retirement adequacy over time, while acknowledging that circumstances differ for each person.

The retirement readiness target income is \$27.8k per annum and is inclusive of any Age Pension entitlements.

We have seen a consistently positive trend in overall retirement readiness from key controllable factors being investment returns and, to a lesser extent, rollovers and voluntary contributions.

Looking after our retired members

Retirement Income Manager Calculator

In 2017 we launched the Retirement Income Manager Calculator aims to better help retired members with their spending. It forms part of a broader program to create better resources for retired members.

The calculator was developed based on an understanding that members have varied needs in their retirement. Retirees may access their super to take a holiday, buy a new car, pay for surgery or renovate their house.

The new calculator allows members to model their expenses, take into account their pension and see the impact on their income across a changing timeline, whether that be two years or 20 years.

Retiree information seminars

Retiree information seminars are tailored to retired Super Income Stream members for the purpose of keeping members engaged with their super, and informed of the new developments and legislative changes affecting their retirement and super. Equally important is that the attendees give us an opportunity to ascertain what the issues of concern are for retired members, and how we can better improve our services to them.



Jeanette and Neil O'Sullivan at a Cbus Information Seminar for retired members.

The three retiree information seminars held during the year in Perth, Melbourne and Sydney were well attended, attracting over 200 members in total.

More services for retired members

Research conducted with members supports expanding products and services for retired members, and there has been more focus in this area. Cbus has introduced five new transition to retirement investment options for Super Income Stream members, a new Conservative Growth Investment option to the Accumulation product range and is working on a range of services to assist members' adjustment to non-financial aspects of retirement related to health and wellbeing.

Facts

- 46 seminars held during the year
- Total members who have attended a seminar 2,331
- Average attendance per seminar, members and partners: 75
- Average satisfaction rating from members who have attended a seminar: (out of 10) 9.26
- Total financial planner meeting requests (FPA Professional Practices) from members who have attended a seminar: 652



A new approach to financial advice



Having enough income in retirement is the key issue for our members. They want trusted advice about their superannuation and their financial circumstances.

Facts

Brought Advice Team in-house
31 October 2016

Team has 25 staff

Team fields approximately
135 calls per day

29,287 member conversations
have been conducted



Research has shown that our members want and need advice – proper, independent advice that is in their best interests.

To this end, Cbus has taken the step to introduce an Advice Team in-house that answers members' questions about their financial concerns. We have done a great deal of work developing an integrated advice service model that includes 'advice over the phone service', a national seminar program and a landmark referral program with the Financial Planning Association.

What's different about our in-house Advice Team?

At Cbus, unlike other financial advisers, the only target we are required to reach is getting the best possible outcome for members. This means our Advice Team is not rewarded for recommending particular products, but instead are focused on:

- professional engagement with members
- technical competence
- outstanding service
- closure of actions.

We are about helping members make astute and informed decisions. Our service is based on having the right conversations and imparting our considered knowledge so that our members can make more informed decisions in their best interest.

A trained performance and development specialist also listens to calls and provides continual feedback to the Advice Team. The result is that members' interests are put at the forefront of the team's interaction with them.

Cbus adviser model

Cbus has a national adviser partnership with the Financial Planning Association, connecting its members to 53 approved planner practices across Australia. This program allows the Cbus Advice Team to refer a member to a financial planner if specific financial advice is needed. We actively engage with the planners and maintain strict controls to ensure they act in our members' best interests. Every year the planners have to renew their services agreement with the Fund. Cbus reviews the advice given to members and we do not hesitate to question it if there is any doubt that it's in the members' interest.

Since it was introduced on 1 January 2014, over 3,000 members have been referred under the program, which provides that the cost of the first consultation is free with a fee for service arrangement should members proceed.

In focus



Long-time Cbus member Steve Keys consulted the Cbus Advice Team for help when planning for a transition to his retirement. After taking the time to listen to his concerns and consider his circumstances, he came away with a plan created for him.

"They walked me through the process, step by step, explaining everything I needed to know in simple terms, in order to help me make an informed decision about my retirement planning."

Building better insurance for members



We are expanding our insurance product offering, simplifying our processes, reducing premiums, improving member claims experience and offering additional insurance for members who need it.

Recent scandals in the banking sector have brought insurance under the critical gaze of government and policy makers. Concerns have been raised about the value insurance is providing when premiums increase and claims get harder to access. Multiple superannuation accounts with different funds carrying default insurance cover can mean members' superannuation savings are eaten into by insurance that isn't needed.

We understand that our insurance offering needs to be fit for purpose, affordable and accessible to our membership. Cbus was one of the first superannuation funds to provide personal risk insurance for its members.

More insurance for less

Cbus reviews its insurance rates each year to provide the best possible value to members.

In September 2017, the cost of insurance for death and TPD cover was reduced by 25% per unit. Our income protection premium rates for accident-only cover for sole traders will drop by 44%.

Default premiums for members between the ages of 15 and 20 will drop from \$7.16 to \$2.68 per week. Further, recognising that they are less likely to have dependants at this age, their default death cover will reduce to one unit of \$56,000. Their TPD cover will remain unchanged.

The level of cover per unit of TPD is increasing by between 20% for 44-year-olds to 100% for 15–20 year-olds.

Proactive and faster response to processing claims

While insurance is cheaper, the likelihood of claim success is still maintained and the claims process is being improved.

Over the next 12 months we will be introducing Claims Assist Officers, who will explain the claims process to members and assist them through the process. Every member who makes a claim will be allocated a dedicated case manager to help them throughout the process.

Members will receive monthly updates on their claims rather than just being informed when the next stage has been reached.

Making changes to insurance coverage easier

In February 2017, Cbus launched an application tool enabling members to apply for cover, increase or decrease their cover, change or cancel their insurance entirely online. As a result, applications for insurance have tripled, with more than 65% of applications received online.

More than 50% of members now receive a decision on their proposed

insurance change within the same day. The average time to receive a decision on an application is less than five days.

In March 2017, Cbus also introduced an insurance needs calculator on our website. It is designed to enable members to better determine how much insurance coverage they require.

 www.cbussuper.com.au/tools-resources/calculators

New products on offer

In February 2017, as a direct response to feedback from employers, we introduced a new income protection insurance product for members in non-manual and professional occupations. It further broadens the insurance coverage we offer.

Working with industry

Cbus participates in industry forums and working groups to consider ways in which insurance in superannuation can be improved. Cbus is a member of the Insurance in Superannuation Working Group, which will establish a code of practice for insurance services in superannuation.

Claims made and paid

	2016/17	2015/16
Claims made	2,368	2,268
Claims paid	2,239	2,018
Death	\$129m	\$122m
TPD	\$94m	\$84m

While every claim is assessed on its merits, over time the Cbus TPD claim acceptance rate has been over 80%.

Employer experience

Our employers want to deal with a superannuation fund that unburdens them, is on the lookout for them and is prepared to resolve problems or deal with their queries promptly and expertly.

Contacts with prospective employers during the year was over

4,000

Meeting employer expectations

Cbus understands and recognises that employers play a central role in the success of our Fund. By running successful businesses, they provide the economic basis for the growth and employment in our industry and the payment of both wages and superannuation. Cbus adds value by providing solutions to employers that make superannuation administration easy and efficient, while providing a top performing fund and industry specific insurance for their employees.

Our employer organisations advocate and promote our Fund and are an increasingly important part of our multi modal distribution model that includes employers, workplace and direct/digital. As we develop closer ties with these organisations we are creating new areas for collaboration including workplace safety, mental health and the future of work models as the industry continues to evolve.

Supporting employers

Cbus is increasingly taking direct control of key customer touch points as we mature as an operational financial institution. We now have an in-house Relationship Management Team in every capital city that provides direct one-on-one service for our largest 4,000 employers. This team handles more than 1,000 enquiries and service events for employers each month, including a revised refund process that has substantially improved the experience for employers. This team also conducts face-to-face visits with employers' to answer questions about superannuation, assist with systems set up and, increasingly, to talk to white collar staff about joining the Fund.

We also maintain a dedicated call centre that provides personalised service to all of our employers, which is complemented by a market-leading website and online service portal that links to our clearing house.

Cbus has commenced an extended outreach program to all new employers. Over the first 18 months with the Fund, employers will receive a call from a relationship manager and a follow-up email. Many of these contacts result in further assistance to set up systems and transfer existing employees across from other funds.

We have also developed a National Business Development Team that is responsible for building on existing employer relationships and bringing new employers into the Fund. This team completed over 4,000 contacts with prospective employers during the year, and is also responsible for leveraging the employer sponsorship arrangements.

**Below from left to right:
Jeah Long, Learna Bugge and Emmaline Abell,
Shadforth's Civil Contractors.**





Listening to employers

The new Voice of Cbus survey tool, allows the relationship managers to receive weekly feedback reports from employers. Since May this year, 7,413 businesses have provided feedback on the Fund resulting in follow-up direct contact to resolve any outstanding matters.

A Voice of Cbus survey conducted in June showed:

- 90% of new employers rate their experience with Cbus as 7 out of 10 or higher
- 88% of new employers surveyed rate Cbus 7 out of 10 or higher for ease of joining
- 87% rate Cbus 7 out of 10 or higher for clear and transparent communications
- 68% rate the Cbus online payments systems as being easy, or very easy.

Building stronger ties with industry

We have continued to develop wide ranging sponsorship programs with key employer organisations including the Australian Constructors Association, Australian Construction Industry Forum, Air Conditioning & Mechanical Contractors Association, Association of Consulting Architects, Consult Australia, Master Builders Association, National Electrical Contractors Association, Master Plumbers Association, Australian Institute of Building, and the Master Landscapers Association.

Our Relationship and Business Development Teams have attended over 155 industry partnership events this year including award evenings, trade shows, industry training events, networking breakfasts, conferences and Cbus sponsored events. In addition, they held over 170 partnership meetings with our sponsoring employer organisations to build on these relationships and increase the referral rate of new employers.

We have also introduced a national secondment program with the Master Builders Association, which sees our business development staff located in an MBA office several days per week.



Left to right:
Cbus member Jake Gwyther-Jones
and AIO Contracting General Manager, Grant Savari.

We continue to actively participate in a range of industry-wide initiatives including Superfriend, Mates in Construction and RU OK Day.

Developing better solutions for employers

Cbus also provides fast and simple online payment systems for employers through the Employer SuperSite and Cbus Clearing House. These systems make superannuation administration simpler and easier for employers. Feedback from our employers suggests these systems are significantly cutting down the time spent on superannuation administration.

Continuous support to employers is provided through the Cbus Super Hub and content relating to updates to superannuation legislation. The Cbus Super Hub provides downloadable resources designed to assist employers with frequently asked questions from their employees. Resources include workplace posters, fliers, forms and factsheets on topics across salary sacrificing, voluntary contributions, insurance and retirement.

Currently, the Cbus Super Hub is experiencing 1,100 downloads of content per month.

This year Cbus launched an industry first employer mobile App to make it easier for employers to pay superannuation to members. The Cbus Employer Mobile App – launched in November 2016 – allows employers to establish or change superannuation accounts for their staff and transfer funds, wherever they are. More than 10% of our employers now use the service each month and the App was awarded the Financial Service App of the year at the MAX Awards.

The App cuts down on the administrative time spent by employers by allowing them to simply take a photo of an employee's driver's licence on their phones and put them onto the system. It also features a receipting function that sends an email once the funds reach the employee's superannuation account, providing visibility on the transaction status.

Expanding the Cbus digital capability



Emerging technologies and Fintech start-ups are changing the way people interact with financial institutions. While not new, the change is accelerating and we recognise the need to keep pace to meet members' needs.

Cyber security

Australian businesses, like businesses across the world, are subject to cyber disruption or attacks. Cbus partnered with a key cyber consulting company this year to identify possible cyber risks and ensure appropriate safeguards and responses are in place.

We run regular tests across our digital offerings to ensure there is no serious vulnerability to the funds, or our members. Our most recent test found there has been no outside interference with our systems.

One of the most common ways organisations can be compromised is by the inadvertent actions of its staff, for example, opening unknown email attachments. We run a cyber awareness program at Cbus to ensure staff are alert to such possibilities.

Other cyber security risks can arise through external technology providers. Part of our reason for expanding our IT Team is to ensure we are managing our vendors properly and that forensic tests of their services are continually being run.



To meet our objectives of improving the member and employer experience of Cbus and support the complexities of taking greater direct control over our investments, we are expanding our digital capability.

We understand our members and employers want us to unburden them. A major part of delivering that outcome is to provide integrated technologies that allow them to easily engage with us via the platforms they prefer.

This means better applying technology, data and information management to deliver personalised services across the membership and to employers through new online portals.

It also means continuing to adapt and develop online tools that assist members through education and advice about their superannuation.

We have commenced our data governance and security project that will underpin our capacity to deliver our digital strategy. The Cbus Board has approved funding for continued delivery of this work. We have appointed a Manager, Information Security to drive this process across the Fund.

We have implemented a new Adobe digital platform to provide greater digital functionality and accessibility for members and employers. The Cbus website has been reviewed and refreshed making it more user-friendly, particularly from smart phones, which is the preferred technology for the majority of our members.

In all, there are 11 separate streams of work underway or planned across the Fund overseen by the Executive to expand our digital capability.

Our partnerships and distribution model



Our industry partnerships contribute to the strong performance of the Fund and our ability to meet the objectives of our strategy.

Cbus' Industry Partnership program is designed to facilitate the creation of productive partnerships between Cbus and key industry stakeholder organisations, and other parties of influence. The primary purpose is to promote and recognise effective advocacy for the Fund, facilitating the retention and acquisition of members, strengthening the brand and supporting our strategic objectives.

Combined with the low-cost model of workplace distribution, in the context of default selection decided by awards and enterprise bargaining, our industry partnerships contribute to the strong performance of the Fund and our ability to meet the objectives of our strategy.

The long-term strength in performance of industry funds such as Cbus can be attributed to the 'industrial ecosystem' in which we operate. Importantly, we return all profits to members, utilise a low-cost workplace distribution model for most of our products, are selected by a collective industrial agreement, and are governed by representatives of employees and employers whose first and only duty is to fund members.

Every year since 2004, industry funds that utilise an industrial distribution system have substantially lower average expenses per member than retail funds – which make extensive use of marketing and direct sales. This again shows the decisive importance of the not-for-profit business model and its related culture of service to members – rather than 'competition' – in explaining better outcomes for members¹.

Our partnership agreements are delivered through commercial contracts that meet the following key deliverables:

	Opportunities to retain and grow the Fund's member base
	Direct advertising and brand benefits
	Advocacy building engagements
	Activities that promote members and their employers engagement with the Fund
	Opportunities to progress Cbus' broader strategic imperatives

Cbus only enters into partnership agreements to serve the interests of the Fund and its members.

Our partnerships create the most value where Cbus' and our partner's interests intersect. The greater that alignment is, then the greater the opportunity is for the partnership to create value for both organisations.

Partnership agreements enable and support partners to proactively advocate the benefit and purpose of Cbus to their membership and networks.

Shared values and genuine advocacy

When the interests of Cbus and our industry partners intersect, we share common values, and the opportunity to build a foundation of trust and genuine advocacy emerges. This is the core of our business model and the industry fund model more generally.

Industry partnerships evaluation

We evaluate our industry partnerships using a model that measures the advocacy benefit delivered by Cbus' industry partners.

The evaluation model considers the strategic opportunity that may exist within a particular location, category of profession, or trade, and provides flexibility for partnership agreements to be implemented for the purpose of penetration into new markets.

1. Industry Super Australia: *Assessing the Competitiveness and Efficiency of the Superannuation System – Productivity Commission Issues Paper*, submission September 2017.