



Media Release

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FUNDS CAN HOLD RESERVES AND STILL BE LOW COST SAYS GESB

GESB has come out in support of the Cooper Review's recommendation on new capital requirements for superannuation trustees and administrators.

Michele Dolin, Chief Executive Officer at GESB, said, "We believe that funds can hold operational risk reserves and still remain low cost providers with competitive fees.

Ms Dolin said that what remained critically important was prudent governance around the operation of such reserves.

"A fund should specify the purpose of its reserve and also develop a reserving policy, that includes minimum and maximum levels," said Ms Dolin.

"Far from disadvantaging members, an operational reserve protects them in instances of fraud, pricing error or system failure."

David Knox, Senior Partner at Mercer, said, "Over the last few years, we have worked with a range of clients to set up reserves.

"APRA has confirmed that all members stand to benefit from an operational risk reserve even if incidents do not eventuate while they are part of the fund.

"GESB is proof that you can price for a contribution to a risk reserve, yet still remain low cost and attractive to members."

Ms Dolin pointed out that GESB has had a reserving mechanism in place for some time and was still ranked in the top 15% of best 'value for money' funds according to SuperRatings¹.

¹ Platinum rating, 2010, SuperRatings

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Notes to editors:

1. About GESB

GESB is the largest WA-based super provider with more than 317,000 members, representing nearly one quarter of the WA workforce, and around \$10.2 billion funds under management.

With more than 70-years of superannuation experience, GESB is ideally situated to provide members with a choice of superannuation and retirement products, access to financial planning and insurance coverage through super, combined with competitive fees and a wide range of member education, information and resources.

For further information visit gesb.com.au .

2. Industry ratings and awards

SuperRatings awarded GESB Super, West State Super and Retirement Income Allocated Pension its highest Platinum rating in 2010. This is granted to only the top 15% of the best 'value for money' funds, based on an assessment of investment returns, investment methodology, fees, administration and advisory services, as well as a robust, secure and proven governance framework.

Chant West awarded GESB Super, West State Super and Retirement Income Allocated Pension its highest rating in 2010, Five Apples, following an assessment of organisational strengths, investments, fees, insurance, administration, member services and employer services.

The Heron Partnership has also awarded GESB its highest rating in 2010, 5 Quality Stars, granted to only the top 25% of super products, based on an assessment of investment arrangements, insurance, ancillary benefits, communications and contributio