

# McGING ADVISORY & ACTUARIAL



McGing Advisory & Actuarial (MGAA) is a boutique consultancy led by Sean McGing providing a personalised consulting service to directors, senior leaders and executives, and their support teams.

Sean is supported by a number of experienced employees and associated consultants who partner with Sean to deliver quality, valued advice.

MGAA have the five following areas of focus, which have considerable overlap.



## SUPERANNUATION & WEALTH MANAGEMENT

- ▲ Implementation of regulatory change e.g. APRA standards
- ▲ Independent, external peer review for senior executives
- ▲ Unit pricing and crediting rates – review, processes, remediation
- ▲ Insurance expertise – group and individual – product and administration
- ▲ Strategic assessments, mergers & acquisitions – analysis & advice

## ENTERPRISE RISK MANAGEMENT (ERM)

- ▲ Holistic, integrated organisation wide risk and risk culture assessments
- ▲ Seminars, workshops, training programs
- ▲ Implementation of change programs
- ▲ Support for Board and CEO
- ▲ Financial services, education, energy, healthcare

## INVESTMENT/ASSET CONSULTING

- ▲ Asset allocation advice
- ▲ Investment governance
- ▲ Investment policy statement
- ▲ Investment committee membership
- ▲ Performance review

## ACTUARIAL CONSULTING

- ▲ Product design
- ▲ Modelling and financial projections
- ▲ Defined benefit superannuation valuations and assessments
- ▲ Experience investigations
- ▲ Problem solving – objective, quantitative & qualitative

## BOARD & BOARD SUPPORT

- ▲ Professional development of Board members – Risk, leadership, governance, financials
- ▲ Board performance reviews
- ▲ Independent, external perspective, personal support for Chair, CEOs and C Suite
- ▲ Non executive director role (Sean)
- ▲ Advisory committee role – investment, risk, audit, finance (Sean)

 03 8641 6970

 [service@mcging.com.au](mailto:service@mcging.com.au)

Lvl 13, 160 Queen St, Melbourne

# SUPERANNUATION



*Australia's \$2.2 trillion superannuation system – which swells by about a net \$100 million a day – is coming to a turning point. Financial and regulatory pressures, disruptive technologies, demographic shifts and changing member expectations are all converging on the super industry, creating a unique set of issues – that many funds seem ill-prepared to manage.*

*- Australian Financial Review 5 June 2017 – James Dunn reporting Mercer report*

McGing Advisory & Actuarial combines our actuarial and risk knowledge with a depth of practical experience across the superannuation spectrum. We provide insight and practical solutions to the issues faced by superannuation fund trustees and administrators.

## HOW MCGING ADVISORY & ACTUARIAL CAN HELP

### TRUSTEES, MANAGEMENT and ADMINISTRATORS

- ▲ Modelling analysis and advice – strategic and operational – fund, product, member segments
- ▲ Implementation, monitoring and reviews of risk strategy, framework, and management.
- ▲ Implementation of regulatory change – ASIC, APRA, Treasury, ATO
- ▲ Design and delivery of targeted education programs for trustees

### DEFINED CONTRIBUTION FUNDS

- ▲ Unit pricing and crediting rates – review, processes, remediation. Unitisation.
- ▲ Operational risk and contingency reserve calculations and guidance
- ▲ Reserving and crediting rate strategies
- ▲ Member account record calculations & corrections

### DEFINED BENEFIT FUNDS

- ▲ Actuarial investigations and certificates
- ▲ Contribution and surcharge calculations
- ▲ Fund rationalisations including transitions from defined benefit to accumulation

### PRODUCT

- ▲ Retirement Income / CIPR product development
- ▲ Product profitability assessments

### INSURANCE

- ▲ Benefit design / product development
- ▲ Insurer arrangements review
- ▲ Administration systems and data
- ▲ Profit sharing & reserving

### INVESTMENT

- ▲ Investment manager transitions
- ▲ Governance advice
- ▲ Investment policy statement design / review
- ▲ Investment committee membership
- ▲ Performance review

 03 8641 6970

 [service@mcging.com.au](mailto:service@mcging.com.au)

Lvl 13, 160 Queen St, Melbourne

# UNIT PRICING & CREDITING RATES



- ▲ *Errors in unit pricing can be costly;*
  - ▲ *Maintain robust systems and processes;*
  - ▲ *Give unit pricing a high profile and resources;*
  - ▲ *Manage complexity and diversity;*
  - ▲ *Build an effective risk management culture;*
  - ▲ *You are responsible for outsourced functions*
- extracts from opening pages of RG 94 Unit pricing: Guide to good practice ASIC & APRA

Attributing value to investors is a fundamental process in superannuation and wealth management. It can be accomplished using either unit prices or crediting rates. The key objective is to equitably and consistently distribute investment earnings to investors. The value attribution process is all-encompassing, interacting with all aspects of the product design and management.

Product providers need to regularly ensure that regulatory guidance and industry standards are met. Regulatory expectations continue to rise around process, systems and risk management. When issues or errors arise, impacts need to be capped and solutions managed pragmatically and effectively.

**McGing Advisory & Actuarial's team has extensive experience with all aspects of unit pricing and crediting rate issues. We have a 'hands on' approach, working through issues pragmatically and comprehensively, and then implementing solutions collaboratively.**

## HOW MCGING ADVISORY & ACTUARIAL CAN HELP

### POLICY AND GOVERNANCE

- ▲ Apply core set of principles to provide clear bases for management decisions
- ▲ Provide strategic assistance, including Board and Trustee briefings
- ▲ Develop policy, overall and for specific purposes, eg extreme market movements
- ▲ Assist risk management, from setting risk appetite through risk assessment and mitigation to assessing effectiveness
- ▲ Assess and protect equity for all investors in practice

### METHODOLOGY AND GOOD PRACTICE

- ▲ Independent reviews of policies, methodologies, and their implementation
- ▲ Benchmark processes, including gap analyses and recommendations, against regulatory and industry standards - in particular RG94 - the ASIC/APRA 'Unit pricing: Guide to good practice'
- ▲ Review crediting rate and unit price calculations and applications
- ▲ Validate performance reporting tools and calculations

### TRANSITIONS AND SYSTEMS

- ▲ Manage or review transitions from crediting rates to unitisation
- ▲ Manage or review migrations between systems and systems enhancements
- ▲ Manage and integrate legacy products and legacy systems
- ▲ Review systems configurations

### MANAGEMENT AND PROCESS

- ▲ Assess administrative procedures, identifying inefficiencies, risks, and areas of potential concern
- ▲ Develop and review process documentation, including accountabilities and escalation procedures
- ▲ Assist with product design and management
- ▲ Provide tailored training for staff

### INVESTIGATIONS AND CORRECTIONS

- ▲ Assess and explain issues, errors or inconsistencies
- ▲ Apply established and principles based correction methodology
- ▲ Determine remediation amounts attributable to investors
- ▲ Advise on equitable funding sources
- ▲ Assist management with process governance and communications with regulators and trustees

 03 8641 6970

 [service@mcging.com.au](mailto:service@mcging.com.au)

Lvl 13, 160 Queen St, Melbourne

# ACTUARIAL CONSULTING



*Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems.*

*- Institute of Actuaries of Australia*

Would you like an actuary with a hands-on, get-it-done attitude?

Would it help to have an actuarial support team that combines value with a pragmatic commercial approach?

McGing Advisory & Actuarial's actuaries have extensive experience in both corporate and consulting environments across a number of industries. As well as traditional roles such as pricing, valuation and reporting we have been involved with extensive and innovative modelling, projections, experience and data analysis.

## HOW MCGING ADVISORY & ACTUARIAL CAN HELP

We work with you to provide solutions to your questions involving probability, uncertainty and risk, equity, future decisions, demographics, time, value and money.

### MODELLING AND FINANCIAL PROJECTIONS

- ▲ Business & strategic planning
- ▲ Business / entity value
- ▲ Scale testing; Sustainability
- ▲ Liabilities valuation
- ▲ Review systems and implement changes
- ▲ Scenario testing

### DATA ANALYTICS

- ▲ Data analysis and insights
- ▲ Informed and objective assessment of data quality
- ▲ Experience investigations
- ▲ Actuarial systems review and support

### PRODUCT DEVELOPMENT

- ▲ Product design, review, enhancement
- ▲ Superannuation – Retirement Income, Accumulation; Life Insurance
- ▲ Profitability testing
- ▲ Capital needs

### RISK MANAGEMENT & ANALYSIS

- ▲ Risk factor identification, assessment and quantification
- ▲ Risk mitigation and control
- ▲ Risk framework reviews
- ▲ Risk culture assessments

### UNIT PRICING & CREDITING RATES

- ▲ Process & systems review and corrections
- ▲ Controls and procedures
- ▲ Calculation specifications
- ▲ Performance measurement
- ▲ Equity assess

 03 8641 6970

 [service@mcging.com.au](mailto:service@mcging.com.au)

Lvl 13, 160 Queen St, Melbourne

# INVESTMENT - SUPPORT SERVICES



McGing Advisory & Actuarial (MGAA) provides a range of investment related support services to Trustees, Chief Investment Officers, Investment Operations Executives, Product Managers and Finance and Risk functions.

## AUSTRALIAN FINANCIAL SERVICES (AFS) LICENCE

McGing Advisory & Actuarial, with Sean McGing cited as the key officer, has an Australian Financial Services Licence - Number 427730 - to provide financial product advice to wholesale clients on a wide range of financial products including superannuation, life and general insurance, deposits and payments, derivatives, FX and securities.

## INTEGRATED AND DEEP KNOWLEDGE

We bring an integrated and deep knowledge and capability in:

- ▲ Finance and investment markets and products
- ▲ Superannuation and wealth management products
- ▲ APRA and ASIC standards and guidance knowledge and expectation awareness
- ▲ Best practice investment governance
- ▲ Member understanding, behaviour and communication
- ▲ Modelling and calculations
- ▲ Trustee needs

Examples of where we can help include:

## INVESTMENT ADVICE & SUPPORT

- ▲ Asset allocation advice
- ▲ Investment portfolio transfers / transitions
- ▲ Successor fund transfers
- ▲ Member equity assurance
- ▲ Investment process change / review / assurance
- ▲ Modelling member and portfolio what-ifs
- ▲ Tax optimisation modelling / calculations
- ▲ Pre merger investment & process compatibility advice
- ▲ Unit pricing and crediting rates

## INVESTMENT GOVERNANCE

- ▲ Investment policy statements creation / review
- ▲ Risk appetite statement development
- ▲ Investment committee membership
- ▲ Performance reviews
- ▲ Investment manager / fund selection

 03 8641 6970

 [service@mcging.com.au](mailto:service@mcging.com.au)

Lvl 13, 160 Queen St, Melbourne