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Thursday 9 July 2015

Most seek advice when switching superannuation provider but gaps remain

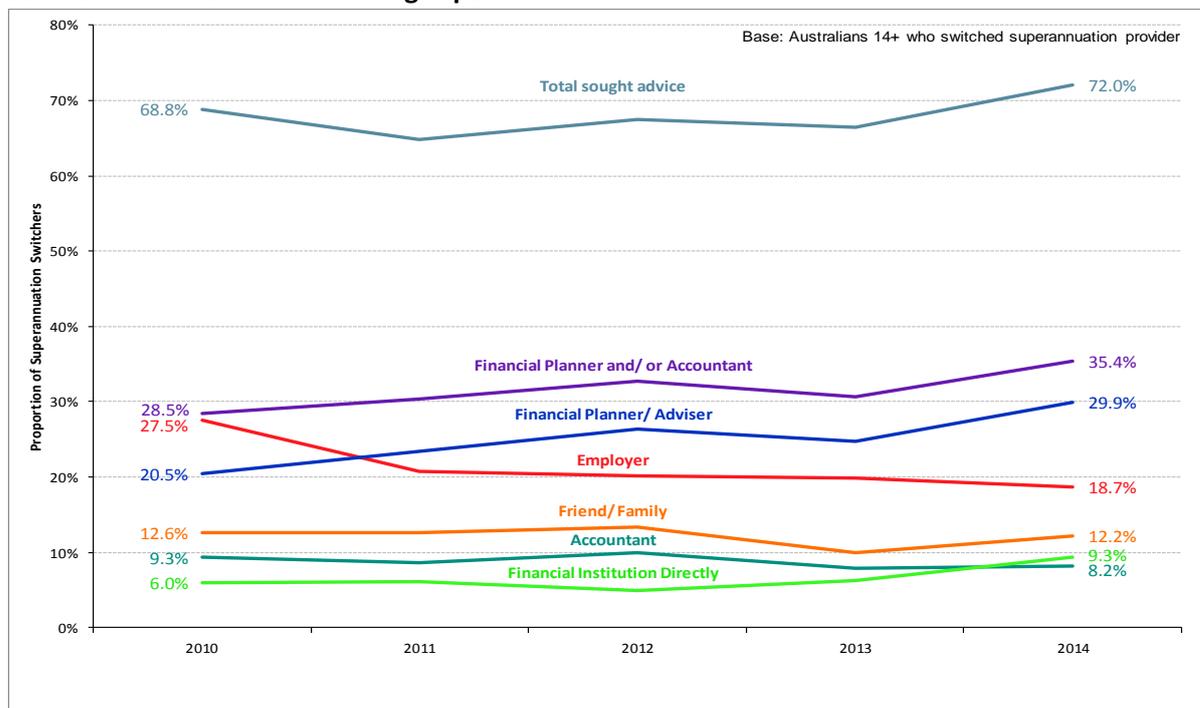
In the complex area of superannuation, it is positive to see that over two thirds (72.0%) of people who switched superannuation provider in the 12 months to December 2014 sought some sort of advice when doing so. However, only 35.4% relied on a professional such as a financial planner or accountant. Others used their employer (18.7%), friend/family (12.2%) or financial institution directly (9.3%).

These are among the findings from the new report released by Roy Morgan Research – “Superannuation and Wealth Management in Australia”, which was based on over 250,000 interviews conducted over the last five years, examining all aspects of consumer financial behaviour, including extensive coverage of superannuation.

More superannuation switchers seek professional advice

The current level of people seeking advice when they switch superannuation fund managers is 72.0%, up from 68.8% in 2010. Although the overall level of those seeking advice has only grown modestly, there have been major changes in where people get their advice from. An increasing proportion of those switching their superannuation get advice from financial planners/advisers, which has gone up from 20.5% in 2010 to 29.9% in 2014. The other major information source that showed an increase was going directly to a financial institution, which rose from 6.0% in 2010 to 9.3% in 2014.

Sources of advice when switching superannuation



Source: Roy Morgan Research "Superannuation + Wealth Management in Australia" Report May 2015, January 2010 – December 2014, Average 12-month sample n = 651

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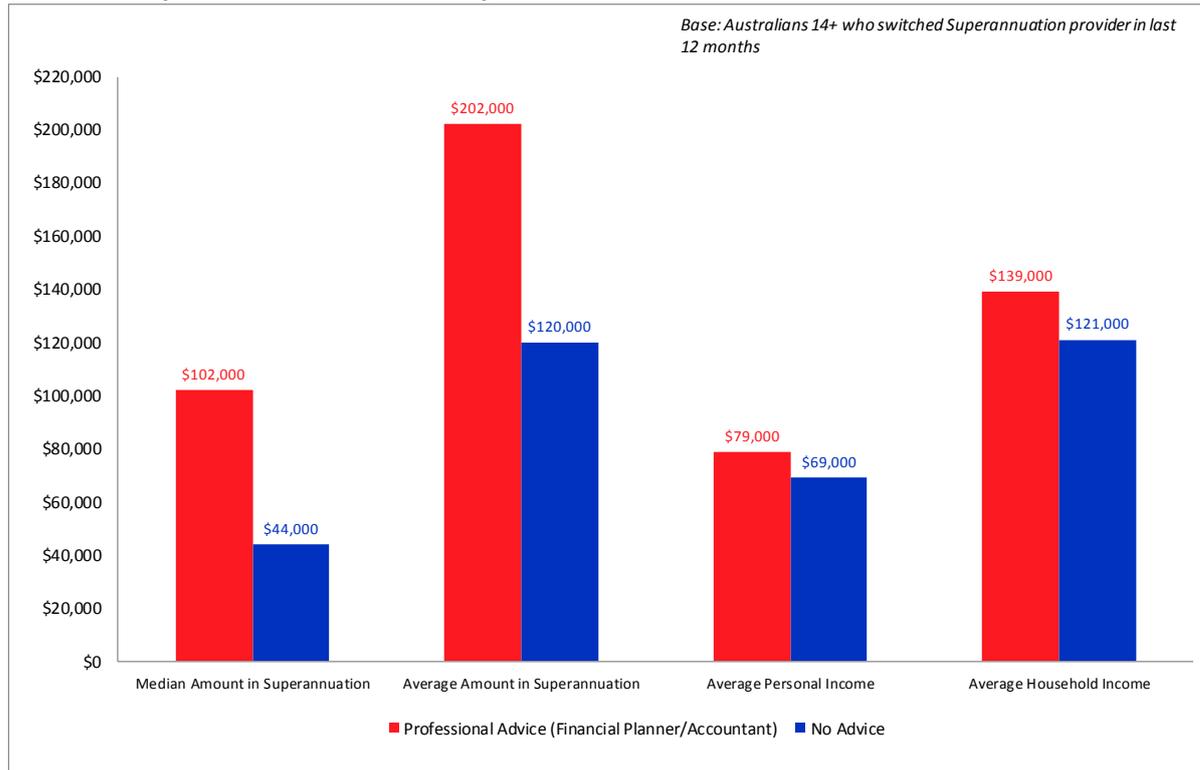
Accountants were also an important source of information (particularly for those going to SMSFs) but have declined slightly from 9.3% in 2010 to 8.2% in 2014.

Fewer people are relying on their employer for advice when switching superannuation, with a decline from 27.5% in 2010 to 18.7% in 2014.

Who gets professional advice when switching superannuation?

People with higher superannuation balances and incomes tend to seek advice on switching from professional advisers (financial planners/accountants). The median amount in superannuation for those using professional advisers is \$102,000, compared to a median of just \$44,000 among people not seeking advice.

Profile of superannuation switchers: professional advice vs no advice



Source: Roy Morgan Research "Superannuation and Wealth Management in Australia" Report May 2015. January 2014 - December 2014, n = 665

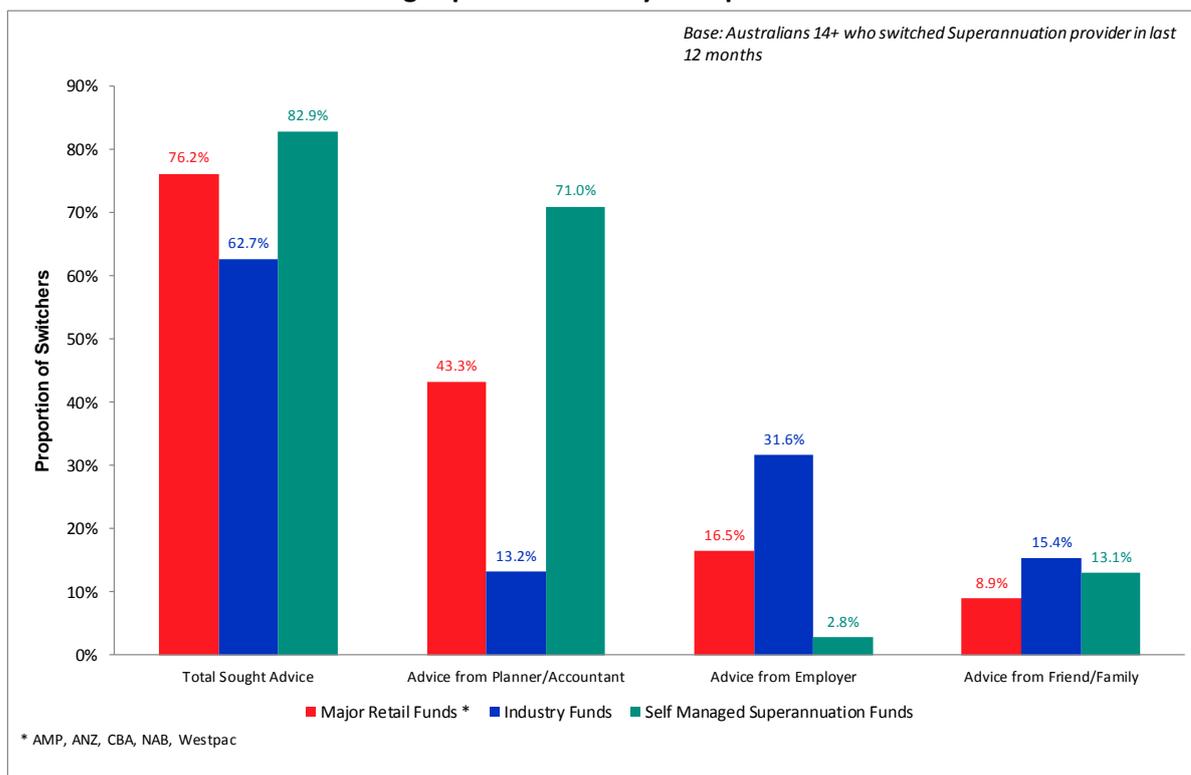
The difference between the two groups is not as great in terms of personal and household income. The average personal income of people using professional advisers is \$79,000, while that of those not getting any advice is \$69,000. The reason for this is that higher superannuation balances tend to be held by an older age group, which isn't necessarily reflected in higher income levels.

Source of advice impacts fund selection

People switching to self-managed super funds were the most likely to seek advice (82.9%), followed by major retail funds (76.2%) and industry funds (62.7%).

Professional advisers (financial planners/accountants) were used by 71.0% of people who moved to an SMSF, whereas only 43.3% of those moving to a major retail fund used a professional for advice. Industry funds were well below both these groups with only 13.2% getting advice from a professional.

Sources of advice when switching superannuation by fund provider



Source: Roy Morgan Research "Superannuation and Wealth Management in Australia" Report May 2015. January 2010 -December 2014, n = 3,256

People switching to an industry fund were most likely to get advice from their employer (31.6%) or friend/family (15.4%).

Norman Morris, Industry Communications Director, Roy Morgan Research says:

"While it is a positive trend that more people are seeking advice when switching their superannuation fund manager, there are still some issues regarding where people get advice — not to mention the 28% who don't get any advice. With only around a third of those who switch their superannuation getting professional advice, combined with the considerable lack of engagement and understanding by many in superannuation, it is of some concern that they may miss out on appropriate advice for their particular needs. The recent Financial System Inquiry recognised this issue ...'in the absence of quality financial advice, consumers may make inappropriate investment decisions, or fail to make appropriate financial planning decisions'.

"This research shows that people with high superannuation balances are more likely to seek professional advice than those with less funds. Besides cost, the potential reasons for this include a lack of trust in financial advisers, low financial literacy, and lack of availability of scaled advice".

For comments or more information please contact:

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Related research findings

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View profiles of [Superannuation Members](#).

View our [Superannuation and Wealth Management in Australia Report](#).

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

| Sample Size | Percentage Estimate | | | |
|-------------|---------------------|------------|------------|-----------|
| | 40%-60% | 25% or 75% | 10% or 90% | 5% or 95% |
| 1,000 | ±3.0 | ±2.7 | ±1.9 | ±1.3 |
| 2,000 | ±2.1 | ±1.9 | ±1.3 | ±1.0 |
| 5,000 | ±1.4 | ±1.2 | ±0.8 | ±0.6 |
| 7,500 | ±1.1 | ±1.0 | ±0.7 | ±0.5 |
| 10,000 | ±1.0 | ±0.9 | ±0.6 | ±0.4 |

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