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Self-Managed Super popularity linked to sustained Satisfaction lead

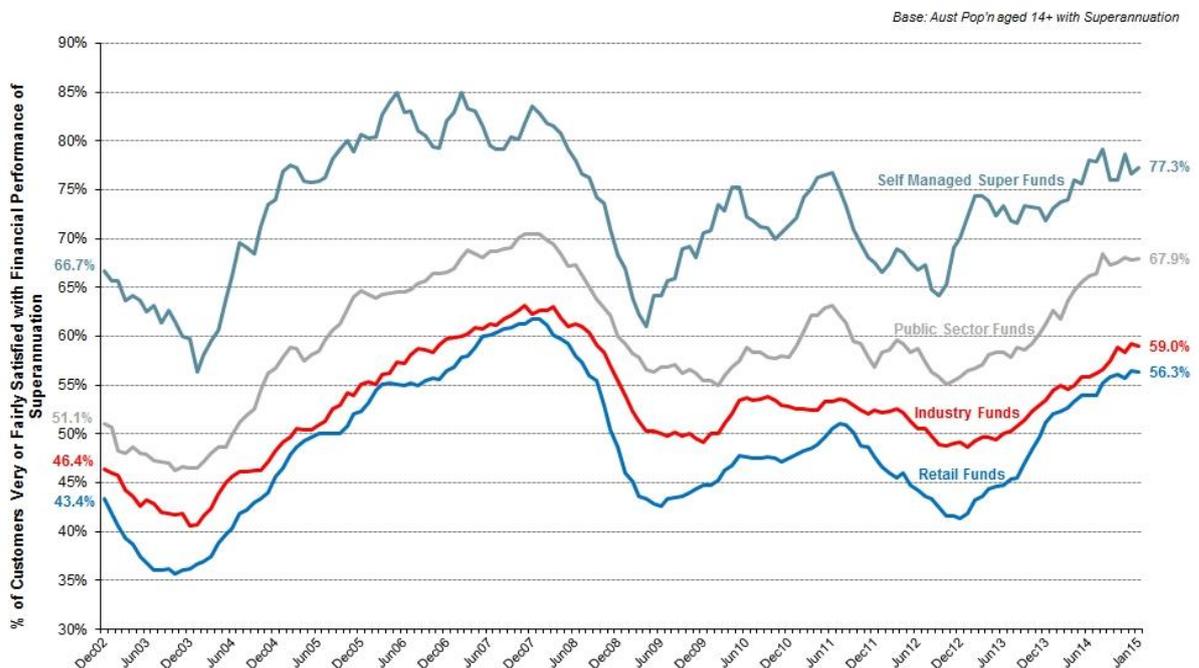
Over the last thirteen years, Self-Managed superannuation funds (SMSFs) have maintained a clear lead over the other major types of funds as measured by satisfaction with financial performance. This is likely to have contributed to their continued growth and significant market share. In the six months to January 2015, SMSFs scored a satisfaction rating of 77.3%, compared to Industry funds with 59.0% and Retail funds on 56.3%.

These are the latest findings from the Roy Morgan Single Source survey of 15,084 interviews with people holding superannuation conducted in the six months to January 2015.

Satisfaction with superannuation improving but SMSFs remain clear leaders

Satisfaction with the financial performance of superannuation has improved by 4.5% points (to 58.0%) over the last twelve months. During this period the biggest increase was for Public Sector funds (up 5.2% points to 67.9%), followed by Industry funds (up 4.6% points to 59.0%), Retail funds (up 4.3% points to 56.3%) and SMSFs (up 4.2% points to 77.3%).

Satisfaction with financial performance of superannuation



Source: Roy Morgan Single Source (Australia), six months rolling, July 2002 – January 2015, Average sample approximately n-15,500

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Despite the marginally lower improvement in satisfaction shown by SMSFs over the last twelve months they have maintained a clear lead over the other major fund types since 2002 when the survey began.

Superannuation is a very skewed market

The superannuation funds held by members show a major skew in favour of the top end. This is an important point to be aware of when looking at satisfaction levels because success with the higher value members is critical to retaining funds and growth by reducing the chances of switching. Although more than six out of ten (63.2%) people with superannuation have balances of under \$100,000, they only account for less than one fifth of the dollars (19.3%) held in superannuation.

Distribution of superannuation funds: share of funds vs share of members



Source: Roy Morgan Single Source (Australia), 12 months to January 2015 (n=36,576)

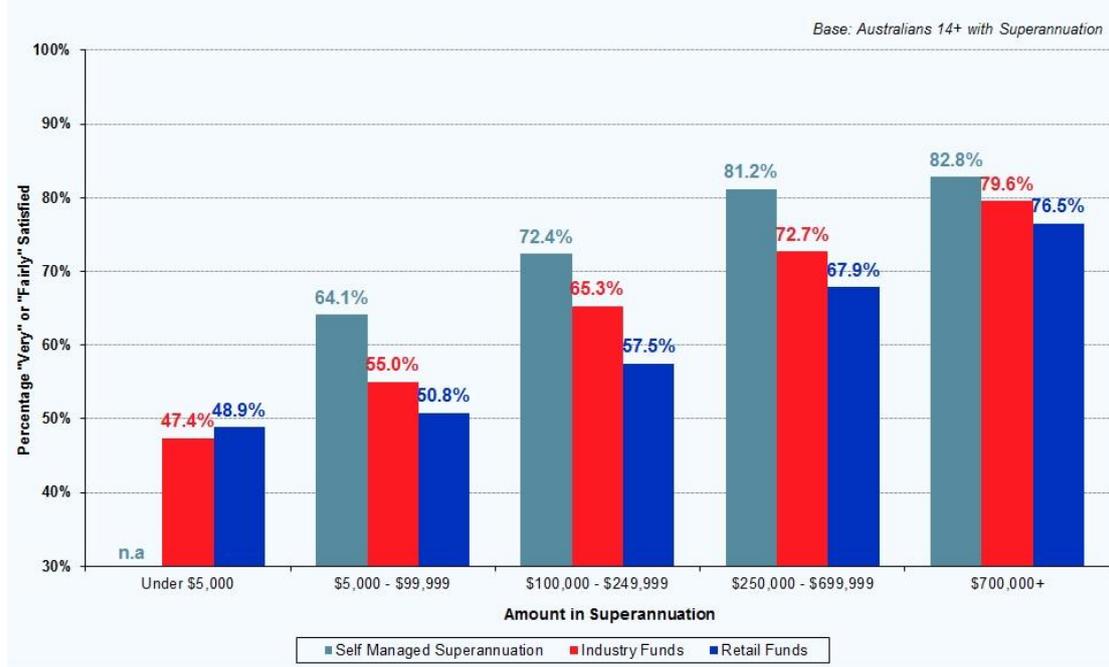
At the top end of the scale, where SMSFs are making major inroads, people with \$700,000 or more in superannuation account for only 2.4% of people with superannuation but have 15.2% of total balances.

The people who have \$250,000 or more in superannuation account for just over half of all funds (51.2%) but represent only 14.7% of total customers. This shows the significance of making sure that these people should be targeted to achieve the highest levels of satisfaction.

Satisfaction with superannuation increases with balance.

It is probably not surprising that satisfaction with superannuation increases with balance held but it is worth noting that for all balances over \$5,000, SMSFs have the highest satisfaction, followed by industry funds and retail funds.

Satisfaction with financial performance of Super – comparison of SMSF, Industry and Retail funds



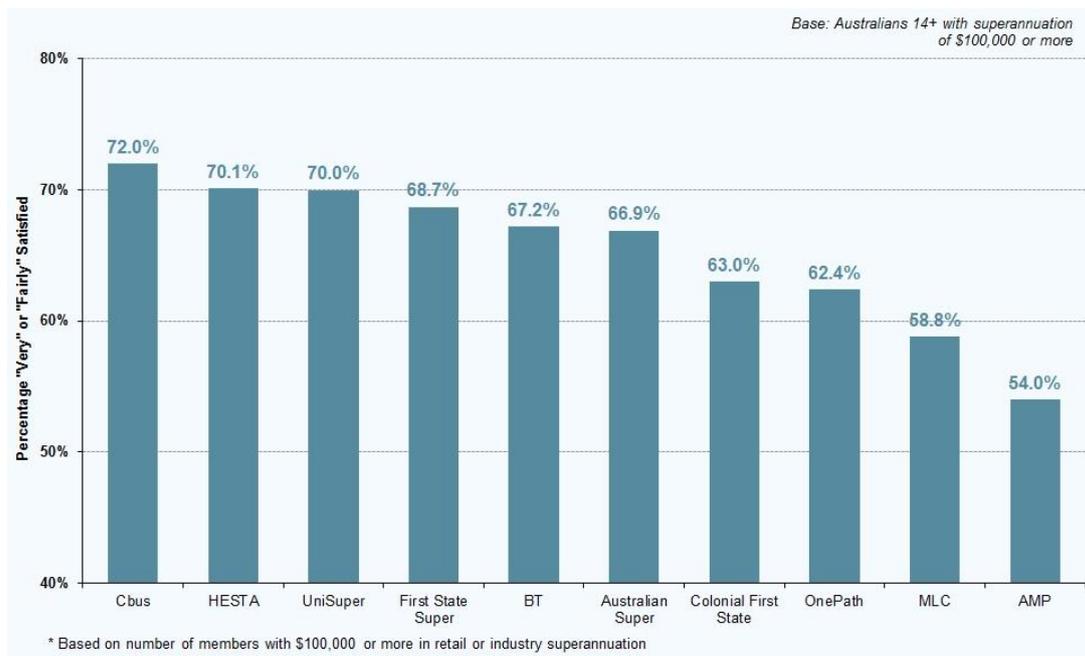
Source: Roy Morgan Single Source (Australia), 12 months to January 2015 (n=36,576)

At the top end of the market (ie \$700,000+), SMSFs have only a narrow lead in satisfaction with 82.8%, followed by Industry funds on 79.6% and Retail funds with 76.5%.

Best performing funds over \$100,000

With such a high skew in balances held towards the top end (as shown by the fact that 36.9% of fund members have balances of \$100,000 or more and yet they hold 80.7% of the balances) it is important to understand satisfaction levels of the major players in this key segment. The following chart shows the satisfaction levels of the top providers (based on member numbers with \$100,000 or more).

Satisfaction with financial performance of Super for balances over \$100,000 – 10 major funds*



Source: Roy Morgan Single Source (Australia), 12 months to January 2015 (n=14,549)

The highest level of satisfaction among these major players is Cbus with 72.0%, followed by HESTA (70.1%) and UniSuper (70.0%). The lowest satisfaction levels were AMP on 54.0% and MLC (58.8%).

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

“It is not difficult to see why SMSFs have been so successful in achieving such rapid growth over the last decade or more. With satisfaction levels higher than Industry and Retail funds since 2002, they continue to pose a major threat to them, particularly for the higher balance members where a disproportionate level of superannuation balances are held.

“Satisfaction with Industry funds remains ahead of Retail funds for all balances over \$5,000 and even pose a threat to SMSFs for balances over \$700,000 where they are close with 79.6% compared to 82.8%. The most successful major brands in the \$100,000 plus market, where over 80% of balances are held, are Industry funds with most of the large Retail funds generally lagging well behind. The challenge now for the big Retail funds is how to raise the satisfaction level of the higher value customers to avoid a potential loss of funds.”

For comments or more information please contact:

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Related research findings

View our [Consumer Satisfaction – Financial Performance of Superannuation in Australia Monthly Report](#)

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