

Discover your edge

Tuesday, 20 December 2016

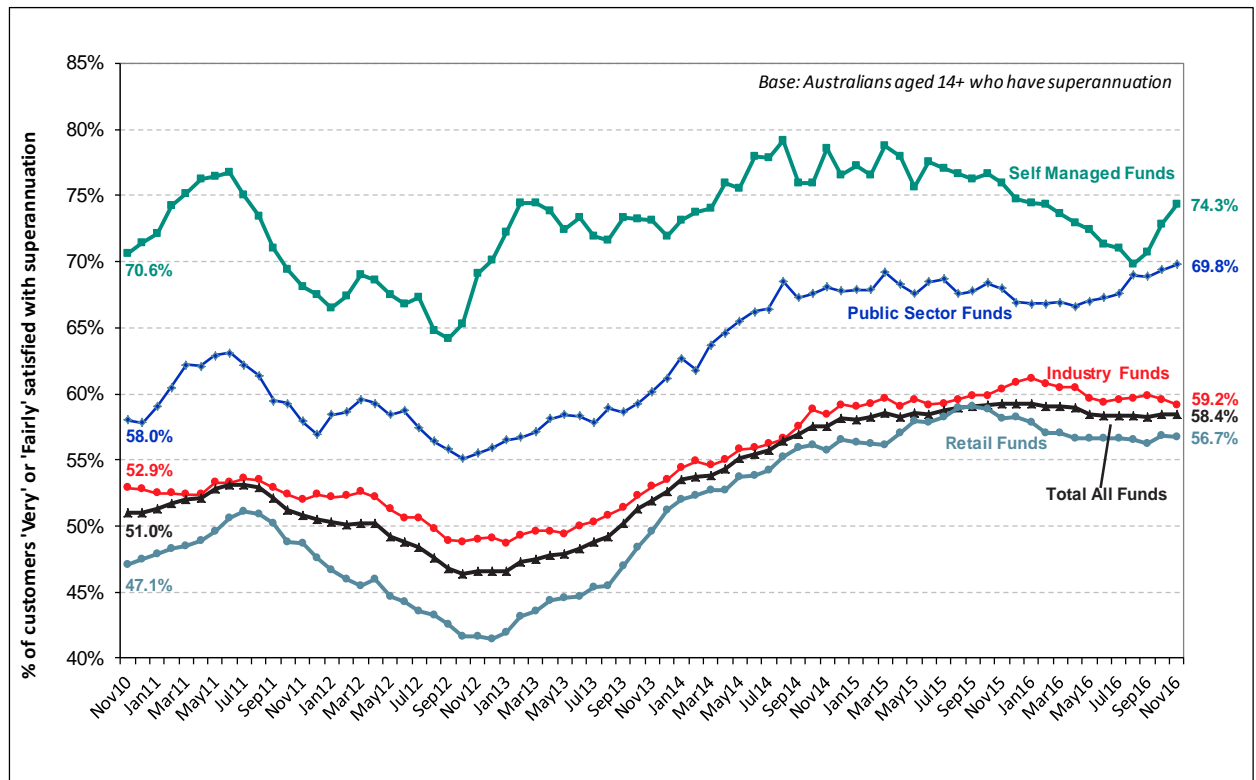
Satisfaction with financial performance of superannuation steady in November but down over the year

In the six months to November 2016, overall satisfaction with the financial performance of superannuation was 58.4%, unchanged from October but down by 0.9% points over the year. However, only 18.5% of fund members said that they were 'very satisfied', down from 19.0% a year ago. These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers pa, which includes detailed coverage of over 30,000 superannuation fund members.

Industry Funds maintain lead in satisfaction over retail funds

Industry funds retain the lead in satisfaction (59.2%) over retail funds (56.7%) but both have declined over the last 12 months, with industry funds down 1.2% points and retail funds down 1.4% points. Both score poorly in terms of the critically important 'very satisfied' rating, at 17.7% for industry funds and 16% for retail funds.

Satisfaction with financial performance of superannuation



Source: Roy Morgan Single Source (Australia), n=50,000+ per annum, six months rolling June 2010 - November 2016, average data point represents n = 15,542 Australians with superannuation.

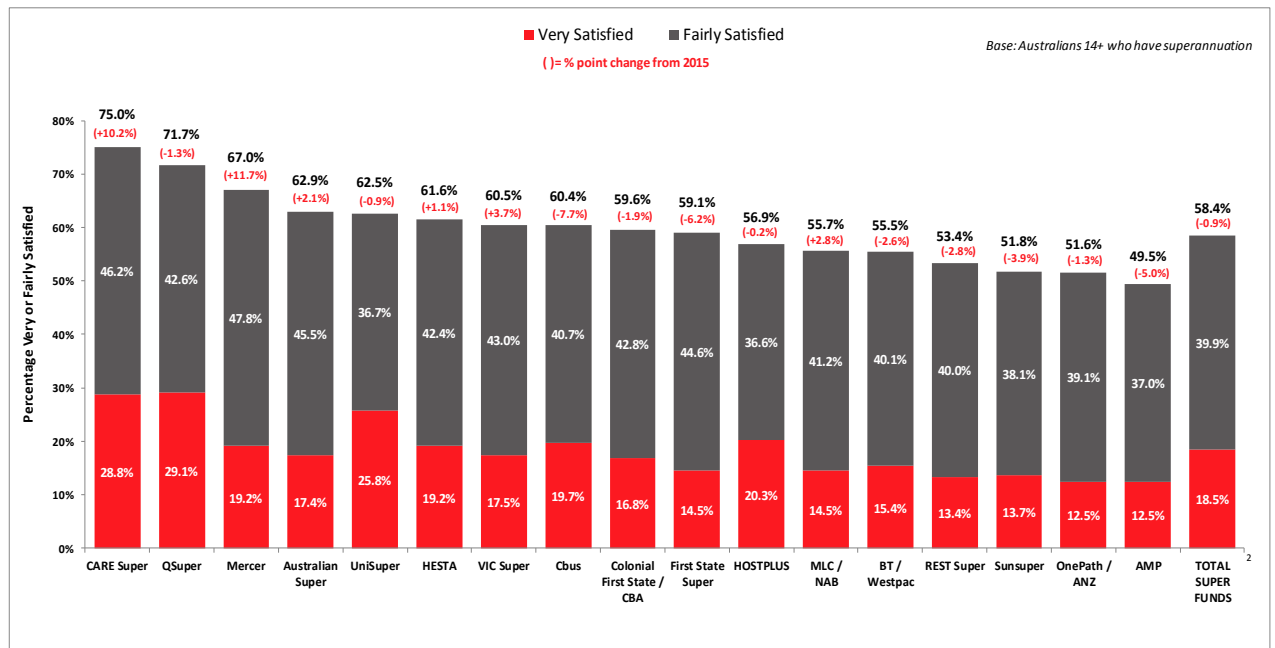
Self-managed funds have the highest satisfaction with 74.3% (down 1.7% points over the last year), followed by public-sector funds with 69.8% (up 1.8% points over the last year). Both of these funds have relatively high levels of ‘very satisfied’ members: self-managed is in the lead with 32.7%, while the public sector is on 28.5%. These funds have had a clear lead over retail and industry funds for more than 10 years due mainly to the fact that their members have higher average balances, which are generally associated with higher satisfaction levels regardless of the fund type. Public sector funds are also likely to have higher satisfaction due to additional benefits as a result of government funding, guarantees and conditions that generally don’t exist with other funds.

The rapid improvement in self-managed fund satisfaction over recent months is most likely to be a result of the generally upward trend in the ASX over this period and this group’s greater personal involvement and awareness in these market movements.

CARE Super the satisfaction leader among the largest superannuation funds

With a satisfaction score of 75.0% in November 2016, CARE Super, the superannuation fund for professionals, leads the 17 largest funds (and is up 10.2% points year-on-year). It is followed by QSuper with 71.7% (down 1.3% points). The most improved over the year was Mercer (up 11.7% points), while Cbus saw the biggest decline (down 7.7% points). Twelve of the 18 largest funds showed declines in satisfaction over the last year.

Satisfaction with Financial Performance of Superannuation - Largest 17 Funds¹ 2015 - 2016



1. Size based on number of members. 2. Includes all superannuations and brands not shown. **Source:** Roy Morgan Single Source (Australia). 6 months ended November 2015, n=25,410; 6 months ended November 2016, n=24,727. Includes 15,611 with superannuation in 2015 and 15,082 in 2016.

Satisfaction with financial performance of superannuation funds is made up of those who are ‘very satisfied’ and those who are only ‘fairly satisfied’. The significance of the ‘very satisfied’ group is that a much higher proportion of them than any other segment (including those who

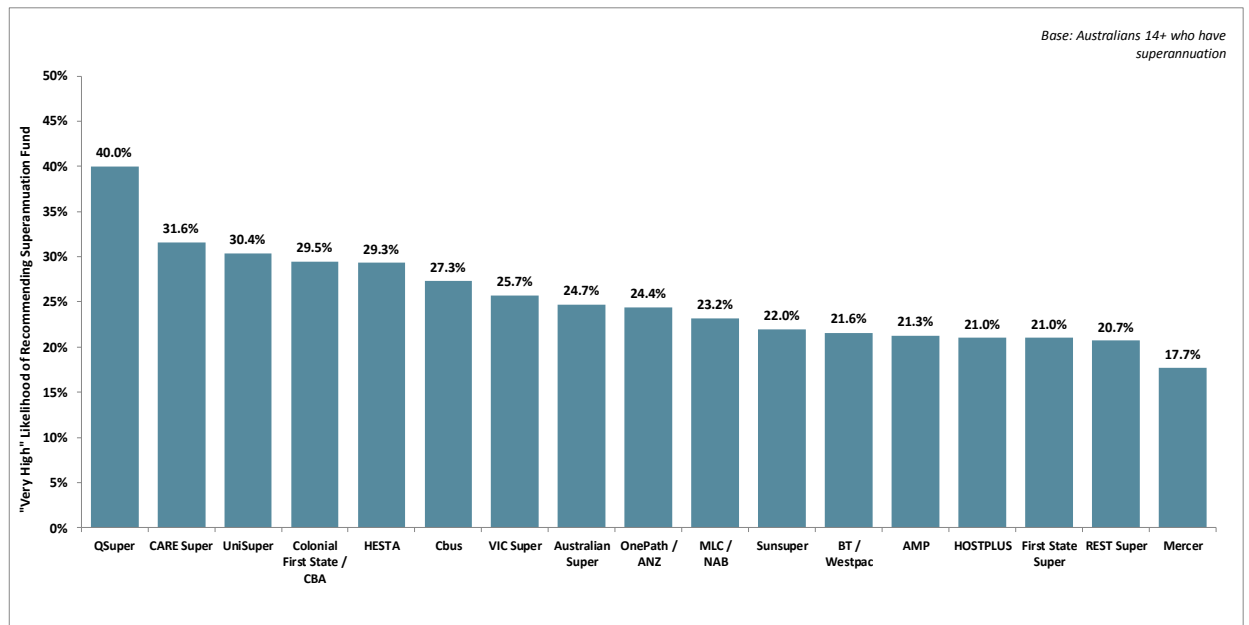
are 'fairly satisfied') report a 'very high' likelihood of recommending their superannuation fund to others.

Overall, only 18.5% super customers are 'very satisfied' with their fund but this is much higher for QSuper (29.1%) and CARE Super (28.8%). AMP (12.5%) and OnePath/ANZ (12.5%) have the lowest proportion of 'very satisfied' customers.

A minority of superannuation fund members likely to recommend their fund

Only around one in four superannuation fund members say that they have a 'very high' likelihood of recommending their fund to others (scoring 9 or 10 on a 10-point scale). The two best performers among the 17 largest funds on this measure are QSuper (40.0%) and CARE Super (31.6%).

"Very High" Likelihood¹ of Recommending Superannuation Fund - Largest 17 Funds²



1. Scored 9-10 on a 10 point scale 2. Size based on number of members. **Source:** Roy Morgan Single Source (Australia). 6 months ended November 2016, n=15,082.

It is worth noting that the two funds with the highest proportions of 'very satisfied' members are also the top three for members with a 'very high' likelihood of recommending their fund, illustrating the strong correlation between these two important metrics.

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

"Although satisfaction with financial performance of superannuation funds is close to the highest it has been since 2008, it is still very low at only 58.4%. If this wasn't cause enough for concern, less than one in five members consider themselves 'very satisfied'. This suggests that most fund members are not very committed to their current fund, and could be persuaded to switch funds when they change employers or if their financial advisor recommends it. Another consequence of low satisfaction is that only around one quarter of fund members have a 'very high' likelihood of recommending their fund to others, which can restrict membership growth in the longer term.

“Also significant is the fact that satisfaction among industry-fund members has remained ahead of retail funds for many years, and they both pose a real threat to self-managed funds where high satisfaction is linked to high balances rather than who manages the funds.

“The current government’s extensive rule changes to superannuation and pension eligibility are already creating considerable uncertainty among superannuation members about the future of the system. Combined with the likelihood of increased market volatility and relatively low satisfaction with financial performance of funds, this has the potential to reduce member confidence which is essential in such a long term investment.”

For comments or more information about Roy Morgan Research’s finance and banking data, please contact:

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Related research findings

View our [Consumer Satisfaction – Financial Performance of Superannuation in Australia Monthly Report](#) and 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 Indonesia, 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%
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
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2