

Thursday, 5 April 2018

Industry funds satisfying more at the top end

New results from Roy Morgan show that in February 2018, superannuation fund members with \$250,000 or more had higher satisfaction with the financial performance of their industry funds compared to those belonging to either retail funds or those with a self-managed fund (SMSF). Given the fact that in these higher balances SMSFs have been growing, it is somewhat surprising that the highest satisfaction for industry funds was for those members with balances of \$700,000 or more where they scored 87.8%, well ahead of SMSFs (82.5%) and retail funds (80.2%).

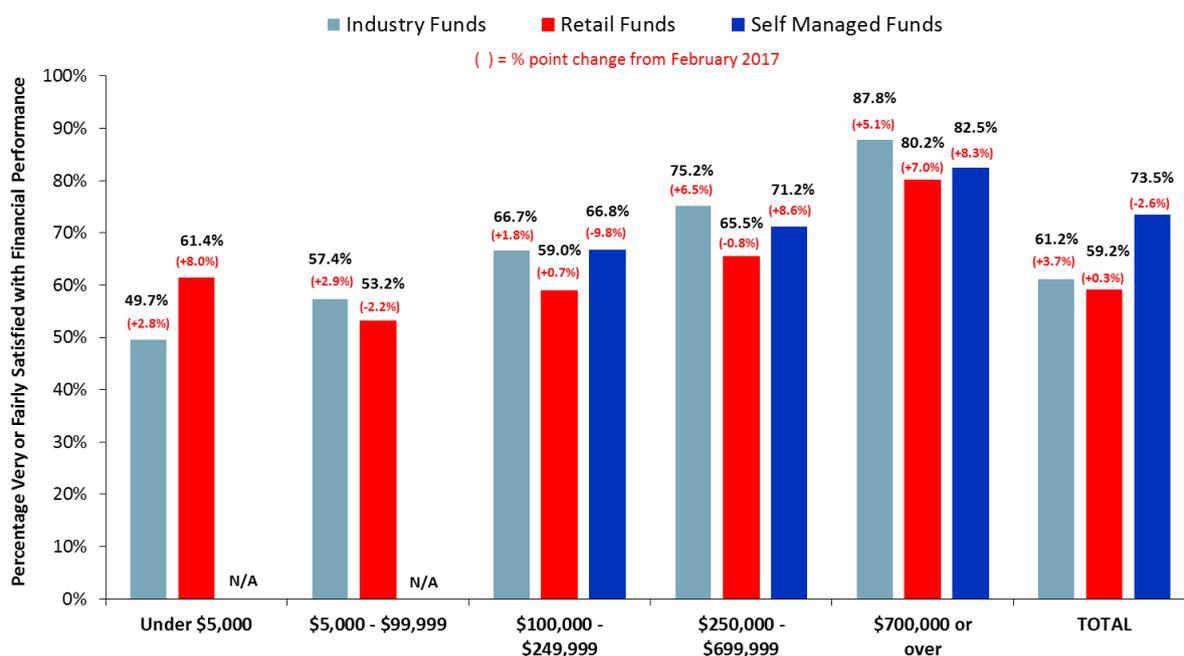
These are the latest findings from Roy Morgan's Single Source survey of over 50,000 consumers per annum, including over 30,000 superannuation fund members.

Retail fund satisfaction only leads industry funds for balances under \$5,000

In the six months to February 2018, satisfaction with the financial performance of retail funds (61.4%) was higher than industry funds (49.7%) in accounts with balances of under \$5,000. For all other balances industry funds had higher satisfaction than retail funds.

Satisfaction with the financial performance of superannuation generally increases with the balance, with the only exception being for retail funds where satisfaction dips to its lowest (53.2%) in the \$5,000 to \$99,999 bracket.

Satisfaction with Financial Performance of Superannuation Funds



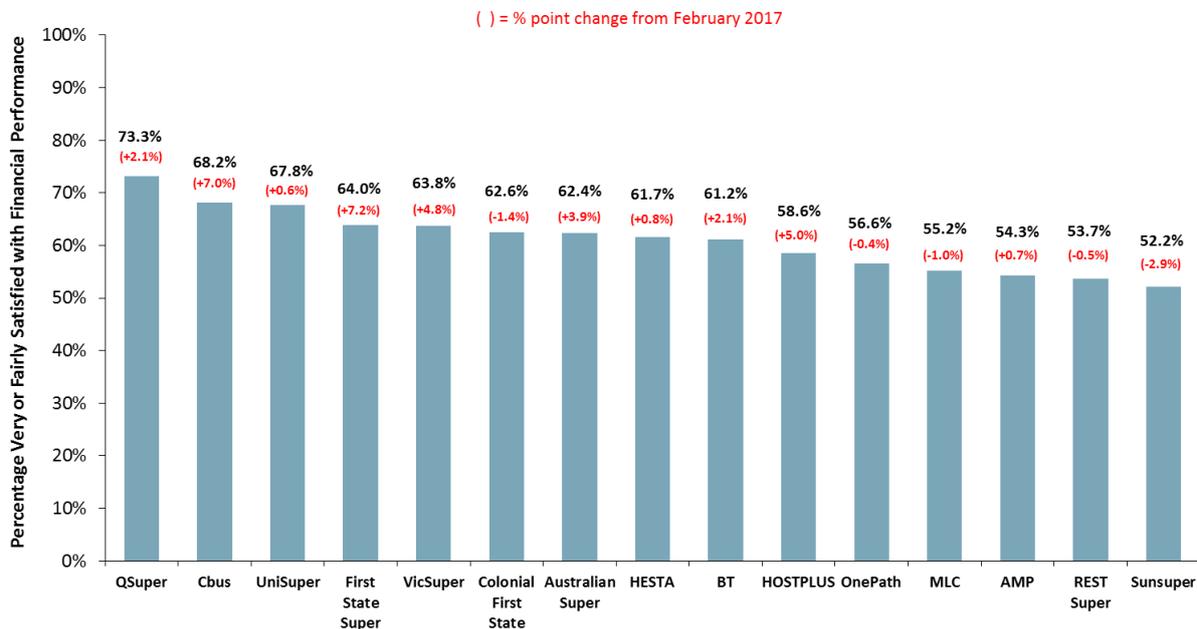
Source: Roy Morgan Single Source (Australia). Six months to February 2017, n = 14,554; six months to February 2018, n = 14,651. **Base:** Australians 14+ with superannuation.

Overall SMSFs lead in satisfaction with 73.5% (down 2.6% points over the last year) of their members satisfied. This is because they have very few members with balances of less than \$100,000, the area with the lowest satisfaction. The overall satisfaction for industry funds is 61.2% (up 3.7% points over the year), followed by retail funds with 59.2% (up 0.3% points). The major retail funds, represented by the ANZ Group, CBA Group, NAB Group and Westpac Group, had the lowest satisfaction with 57.9%.

QSuper the clear satisfaction leader of the largest funds

Of the fifteen largest funds in the following chart, QSuper with a satisfaction rating of 73.3% was well ahead of second placed Cbus with 68.2% and UniSuper (67.8%).

Satisfaction with Financial Performance of Superannuation - 15 Largest Funds¹



Source: Roy Morgan Single Source (Australia). Six months to February 2017, n = 14,554; six months to February 2018, n = 14,651. **Base:** Australians 14+ with superannuation. 1. Based on customer numbers.

The best performer among the largest retail funds was Colonial First State in sixth place overall with a satisfaction rating of 62.6%, followed by BT (61.2%), OnePath (56.6%), MLC (55.2%) and AMP (54.3%). Ten of the largest fifteen funds showed improved satisfaction over the last year, with the biggest gains coming from First State Super (up 7.2% points), Cbus (up 7.0% points), HOSTPLUS (up 5.0% points) and VicSuper (up 4.8% points). The biggest losses were from Sunsuper (down 2.9% points) and Colonial First State (down 1.4% points).

Norman Morris, Industry Communications Director, Roy Morgan says:

“Despite the regular publication of superannuation performance tables, it is unlikely that the majority of fund members will be engaged enough to follow them closely but rather act or not on how they feel about the performance of their current fund. Our research has highlighted the need to measure members’ satisfaction with performance overall and by account balance. For example those with \$700,000 or more in superannuation account for only 4.2% of fund members and yet they hold nearly a quarter (24.4%) of total superannuation funds. It is in the higher balances where SMSFs have been performing strongly but where industry funds are potentially posing a threat with their higher levels of satisfaction with performance.”

“Retail funds trail industry funds in terms of member satisfaction with their performance across all segments except the very low balance members with under \$5,000. Although this low value segment makes up 11.1% of members, they only account for 0.1% of balances. The challenge for retail funds is to retain this large group as their balances grow rather than face the potential loss to industry funds and perhaps ultimately to SMSFs.”

“The results in this release have only used a small part of the information we collect from over 30,000 interviews with fund members per annum. [This unique database](#) covers well over a decade of in-depth data and is invaluable for anyone with an interest [in this 2.5 trillion dollar industry](#)”.

To learn more about Roy Morgan’s superannuation satisfaction data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan 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 |
| 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 |