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ROY MORGAN

FOR IMMEDIATE RELEASE

Friday, 5 April 2019

Satisfaction with industry funds increasing while total market satisfaction declines

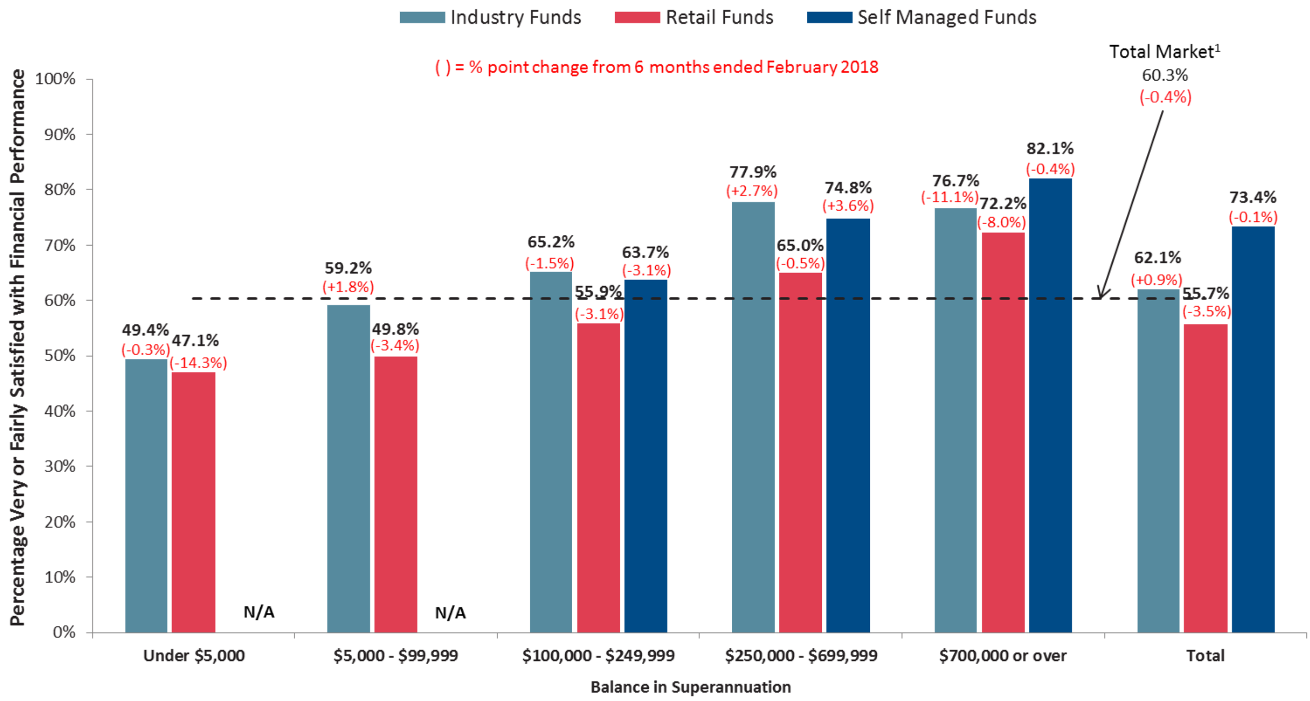
Over the last 12 months to February 2019, industry funds improved their satisfaction rating by 0.9% points (to 62.1%), at a time when the total market dropped 0.4% points to 60.3%. As a result, industry funds have increased their lead over retail funds from 2.0% points a year ago to the current lead of 6.4% points. The sweet spot for industry funds is among those with a balance in the range of $250,000 to $699,999, where their satisfaction rating is 77.9% and their lead over retail funds is 12.9% points.

These are the latest findings from '[The Roy Morgan Superannuation Satisfaction Report](#)', which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes, including over 30,000 superannuation fund members. This large sample over many years enables a greater depth of analysis and an understanding of long term trends rather than being distracted by what often turns out to be short term events.

Industry super a challenge to self-managed super funds (SMSFs)

In the six months to February 2019, industry super funds had higher satisfaction than SMSFs among people with balances between $100,000 and $699,999 and were only narrowly behind SMSFs for balances over $700,000. Balances of $100,000 or more in superannuation are particularly important to this industry as they account for 89% of all money in superannuation but only 47% of fund members. The following chart shows that not only are industry funds a major challenge to SMSFs but they have higher satisfaction than retail funds across all balances. Over the last year, retail funds have shown declines in satisfaction at all levels, with the biggest decline being a drop of 14.3% points for members with balances under $5,000 who already suffer the lowest satisfaction. There was also an 8.0% point decline for those with balances of $700,000 and over.

Satisfaction with Financial Performance of Superannuation Funds



Source: Roy Morgan Single Source (Australia). Six months to February 2018, n = 14,651; six months to February 2019, n = 15,021.
Base: Australians 14+ with superannuation. 1. Includes: Industry Funds, Public Sector Funds, Retail Funds and Self Managed Funds

Satisfaction with the financial performance of superannuation generally increases with the balance, the only exception being for industry funds where satisfaction dips marginally in the $700,000 and over segment.

Overall, SMSFs lead in satisfaction with 73.4% of their members satisfied (down only 0.1% points over the last year). This is because they have very few members with balances of less than $100,000, the segment with the lowest satisfaction. The satisfaction with industry funds is 62.1% (up 0.9% points over the year), followed by retail funds with 55.7% (down 3.5% points).

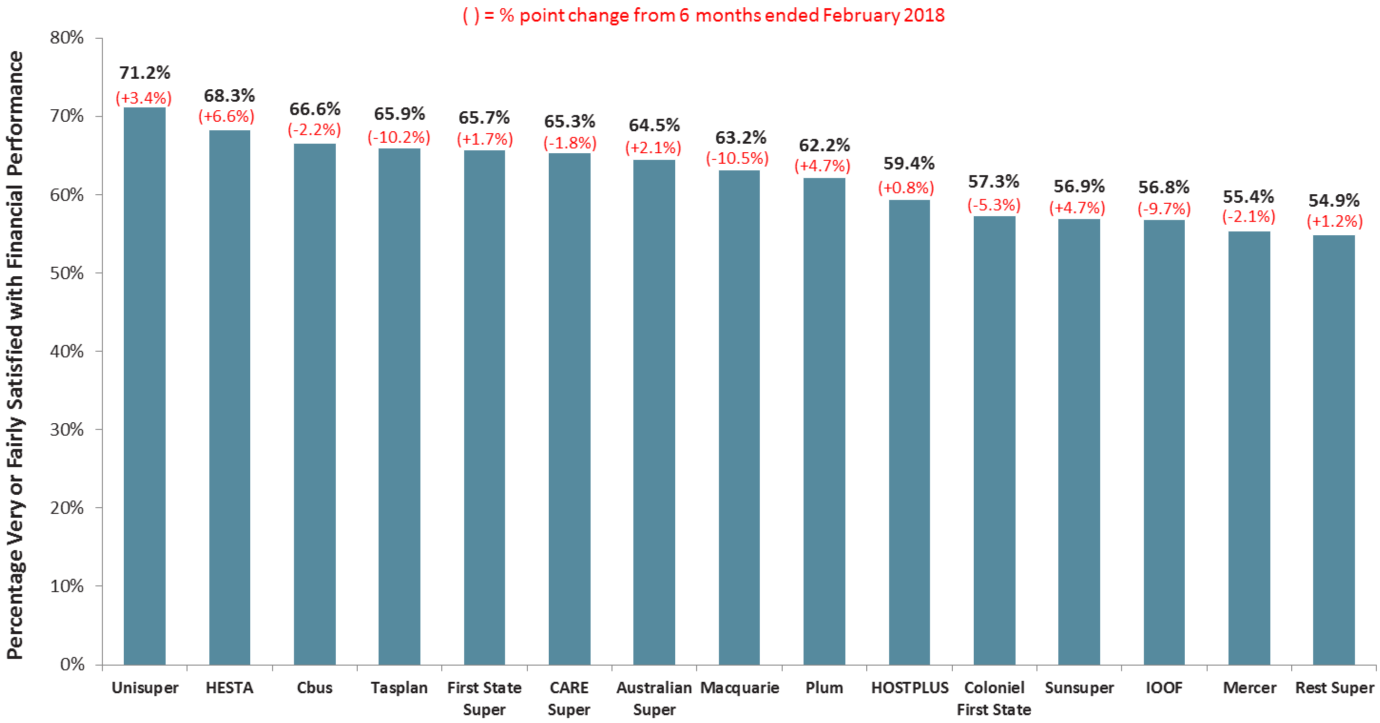
Unisuper the best performer

Of the fifteen best performing industry and retail funds, Unisuper with a satisfaction rating of 71.2% was well ahead of second placed HESTA with 68.3% and Cbus (66.6%).

The best performer among retail funds was Macquarie in eighth place overall with a satisfaction rating of 63.2%, followed by Plum (62.2%) and Colonial First State (57.3%).

Eight of the fifteen best performing funds showed improved satisfaction over the last year, with the biggest gains going to HESTA (up 6.6% points), Plum and Sunsuper (both up 4.7% points) and Unisuper (up 3.4% points). The biggest losses were from Macquarie (down 10.7% points), Tasplan (down 10.2% points) and IOOF (down 9.7% points).

Satisfaction with Financial Performance of Industry and Retail Superannuation Funds
15 Best Performers[1]



Source: Roy Morgan Single Source (Australia). Six months to February 2018, n = 14,651; six months to February 2019, n = 15,021.
Base: Australians 14+ with superannuation. 1. Funds with a six month sample of 100 or more

Norman Morris, Industry Communications Director, Roy Morgan says:

> *"With the growing strength of industry funds, concerns have been raised that the unions may use this strength to impact company decisions. According to the latest APRA data, industry funds currently have balances of $629.6 billion or 23.7% of the total market and have now passed the $589 billion in retail funds.*
>
> *"The biggest segment of the market according to APRA is in fact the self-managed group with current balances of $726.5 billion or 27.4% of the market. This segment is likely to face*

reduced returns if there is a change of Government at the next election and if Labor implements its Franking Credits policy.

"Despite the regular publication of superannuation performance tables, it is unlikely that the majority of members will be engaged enough to follow them closely but rather act or not on how satisfied they are with the performance of their fund. Our research has highlighted the need to measure members' satisfaction with performance overall and by account balance across all major competitors.

"The fact that retail funds now trail industry funds in terms of member satisfaction with performance across all segments, is a major challenge for them as they now face completion from both SMSFs for higher balances and industry funds across all segments.

"The results in this release have only used a small part of the information we have collected from interviews with over 30,000 fund members per annum over the last decade. To find out more ask Roy Morgan."

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