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Satisfaction with performance of industry superannuation funds back on top of retail funds

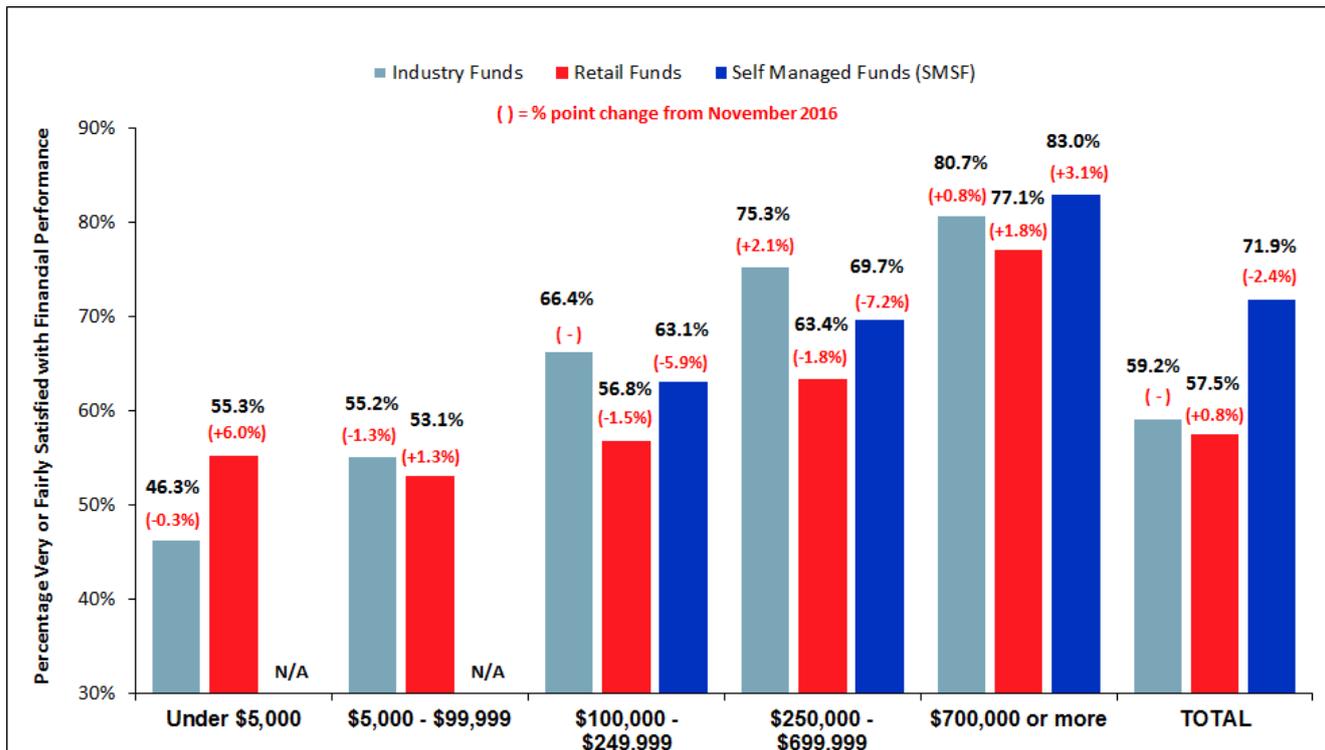
New results from Roy Morgan show that in November 2017, satisfaction with the financial performance of industry superannuation funds (59.2%) was higher than retail funds (57.5%) for the third consecutive month, after having trailed them for the seven months prior. Satisfaction with self-managed superannuation funds remained the overall leader with 71.9%, despite being down by 2.4% points over the last year.

These are the latest findings from Roy Morgan's November Superannuation Satisfaction Report covering over 30,000 superannuation fund members per annum.

Satisfaction with SMSFs only lead for balances over \$700k

In the six months to November 2017, the satisfaction with SMSFs where balances were \$700,000 or more was 83.0%, up 3.1% points in the last 12 months and only marginally ahead of industry funds in this segment with 80.7% (up 0.8% points) but well ahead of retail funds on 77.1% (up 1.8% points).

Satisfaction with Financial Performance of Superannuation Funds



Source: Roy Morgan Single Source (Australia). Six months to November 2016, n = 15,082; six months to November 2017, n = 15,253. Base: Australians 14+ with superannuation.

Although SMSFs are the satisfaction leader in the \$700,000+ segment, industry funds lead them and retail funds in balances between \$100,000 and \$699,999. Retail funds only lead in the under \$5,000 segment with 55.3% satisfaction, compared to 46.3% for industry funds.

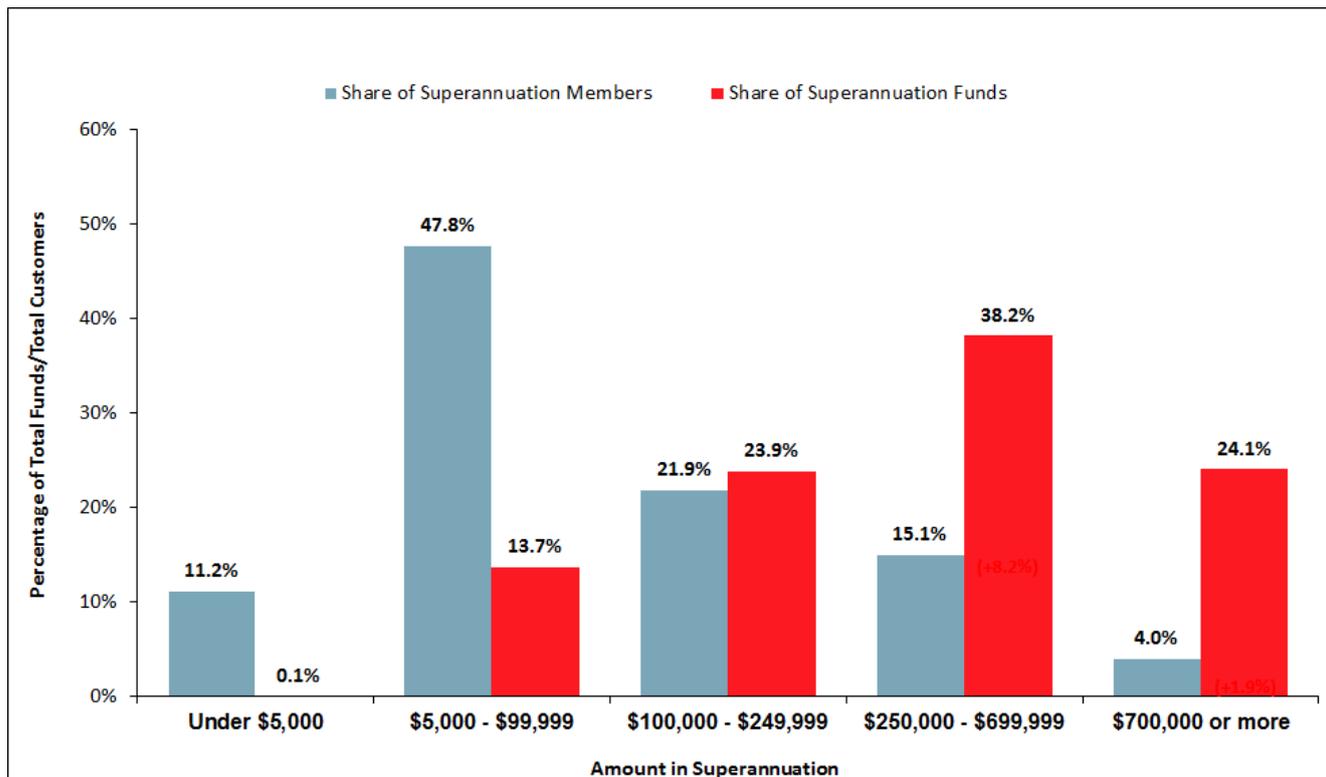
The overall lead in satisfaction among SMSFs (71.9% compared to industry funds 59.2% and retail funds 57.5%) is a result of the fact that they really only operate with larger balance accounts, where satisfaction for all super types is higher. By contrast, industry and retail funds also operate with lower balance accounts such as the under \$100,000, where satisfaction is much lower.

Need to consider the heavily skewed superannuation market

The headline figure of around \$2.5 trillion in superannuation is very significant but account must be taken of the distribution of balances, rather than simply looking at averages.

This chart shows that 59% of fund members have less than \$100,000 in super and they account for only 13.8% of total superannuation funds. At the top end, those with \$700,000 or more in super account for only 4.0% of members but nearly a quarter (24.1%) of superannuation funds.

Share of Superannuation Customers and Funds by Balance

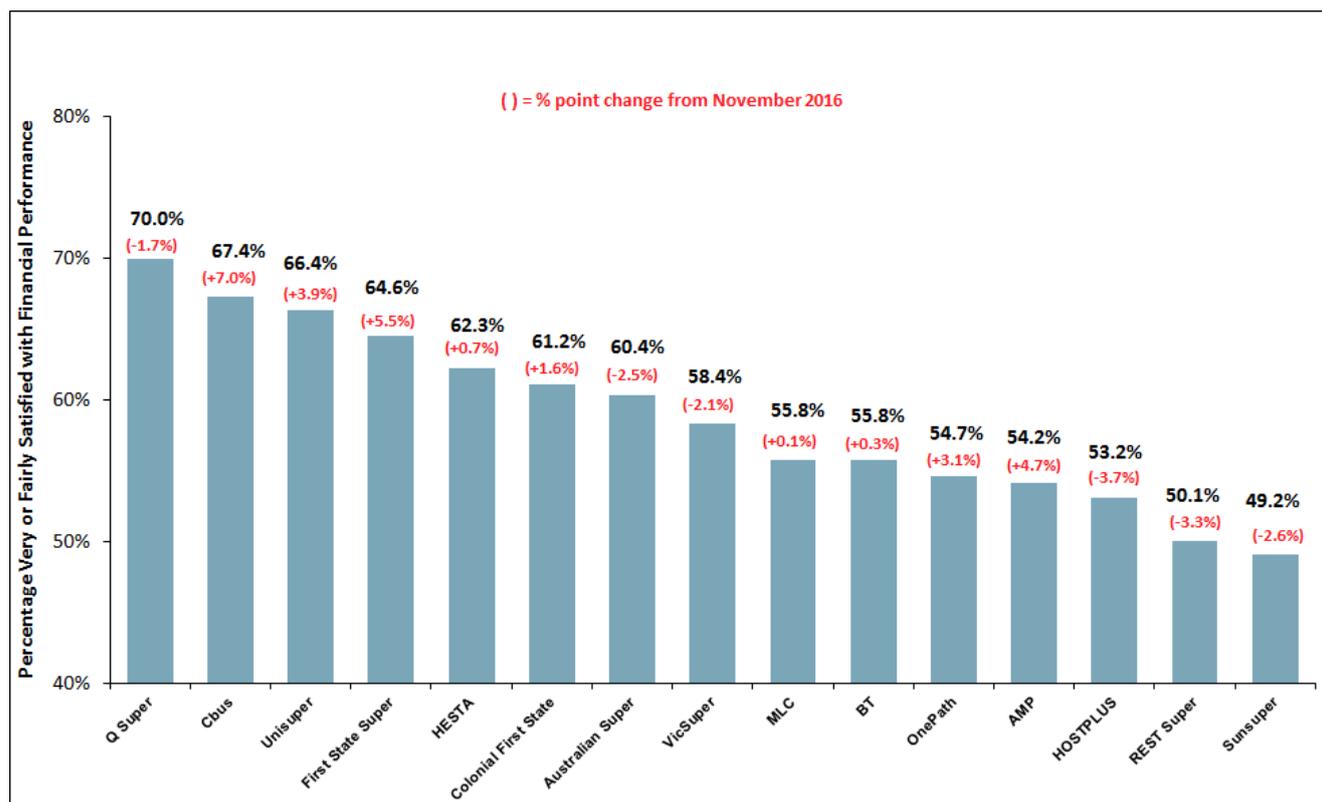


Source: Roy Morgan Single Source (Australia). Six months to November 2017, n= 15,253. **Base:** Australians 14+ with superannuation.

This data highlights the need to analyse satisfaction levels by dollar values because of the much greater significance in retaining and attracting the higher balance fund members.

Major retail funds not among the top satisfaction performers

The following chart shows that across the fifteen largest super funds (based on number of members), Qsuper had the highest satisfaction with 70.0%, followed by Cbus (67.4%), Unisuper (66.4%), First State Super (64.6%) and HESTA (62.3%). The best performer among the largest retail funds was Colonial First State in sixth place overall with a satisfaction rating of 61.2%, followed by MLC (55.8%), BT (55.8%), OnePath (54.7%) and AMP (54.2%).

Satisfaction with Financial Performance of Superannuation - 15 largest Funds¹

1. Based on customer numbers **Source:** Roy Morgan Single Source (Australia). 6 months to November 2016, n= 15,082; 6 months to November 2017, n= 15,253 **Base:** Australian 14+ with superannuation

The biggest improvers in satisfaction over the last year were Cbus (up 7.0% points), First State Super (up 5.5% points), AMP (up 4.7% points) and Unisuper (up 3.9% points). The biggest losses were seen from HOSTPLUS (down 3.7% points) and REST Super (down 3.3% points).

Norman Morris, Industry Communications Director, Roy Morgan says:

“Although superannuation performance tables are produced and published regularly, it is unlikely that the majority of fund members will be sufficiently engaged to follow them closely but rather act or not on how they feel about the performance of their current fund. To understand this, 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 4.0% of fund members and yet hold 24.1% of the total funds in superannuation, making the understanding of the satisfaction of this group critical. It is in this segment that SMSFs are having major success against industry and retail funds and where satisfaction is highest.

“Retail funds were holding a narrow lead in satisfaction over industry funds for most of the past year but in the last three months industry funds have regained the lead that they had been holding for the past decade. Industry funds currently have higher satisfaction levels than retail funds for all segments over \$5,000 and are only narrowly behind satisfaction with SMSFs in the all important \$700,000 and over segment. With continued gains being made by SMSFs in funds under management, it is worth noting in the \$100,000 to under \$700,000 segment, where 62.1% of all superannuation funds are held, that industry funds lead in satisfaction over SMSFs.

“It is important for super fund members not to be influenced by short term fluctuations in performance across funds, for what is a very long term investment. This fact is highlighted in the research which shows that of the fifteen largest funds measured for movements in satisfaction over the last year, nine showed an improvement and six showed a decline. We have seen over the years that these movements are often reversed, making the chasing of short term winners rather precarious.”

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Related research reports

View our [Superannuation and Wealth Management in Australia Report](#) and also the [Customer Satisfaction - Financial Performance of Superannuation in Australia Report](#).

About Roy Morgan

Roy Morgan 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 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