

SUPERRATINGS' MEDIA RELEASE

Wednesday, 5 February 2014

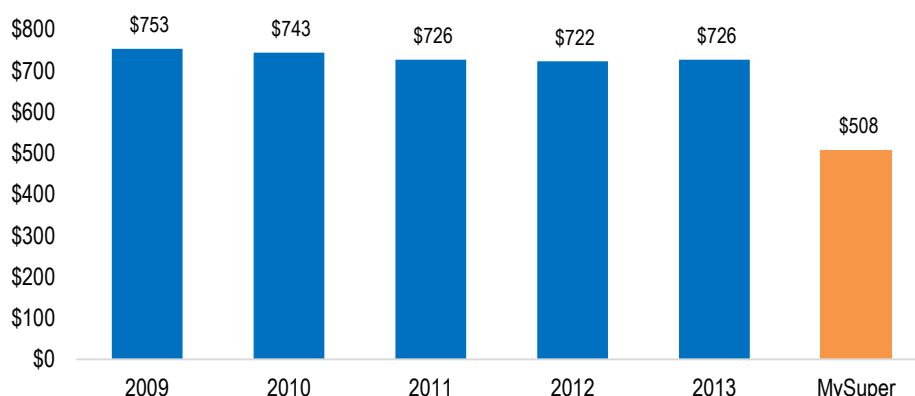
MySuper sees fees reduce by 30% but not before Australians set to pay an extra \$2 billion due to delays

Many Australians are set to save over 30% per annum on their superannuation fees, but in many cases not before 2017 and not before they pay an extra \$2 billion in fees prior to the final implementation date of 1 July 2017.

The sting in the tail for many Australians is the fact that funds do not have to transfer their members to the cheaper MySuper options until 1 July 2017. The MySuper concept, which was first mooted in the Super System Review of 2010, was designed to ensure those who had little or no involvement with their superannuation, paid minimal fees. However, whilst MySuper commenced on 1 January this year, members deemed to be eligible for MySuper do not have to be transferred until 2017. This 3 ½ year transition period means that current assets will in many cases be retained in people's existing accounts, with fees charged at the old rate. In the Corporate retail sector alone, this practice is expected to generate fees some \$700 million per annum higher than the newer MySuper product fees.

SuperRatings this week finalised the first complete review of MySuper products in the industry and have released ratings on over 90 MySuper products. As SuperRatings' founder Jeff Bresnahan noted "MySuper products have largely achieved the Super System Review's goal of reducing total fees to 1.00% per annum, with the industry average now sitting at 1.02%, but what will be interesting is how they perform investment wise. There has been an unfortunate leaning towards passive investments purely to reduce fees. If that impacts future earnings, then the whole exercise of forcing MySuper into the industry will be not only negated, but detrimental to Australians' future retirement benefits".

Average fees on \$50,000 superannuation account balance



He went on to say "It's also interesting that despite a launch date of 1 January 2014 for many MySuper products, the ability to delay same until 1 July 2017 for existing members means that the break-even point for net fee reductions to flow through the system may be as late as 2020, some 6 years away".

Ironically, the only way to ensure that higher than necessary fees are not paid, is for those unengaged members (who by definition have had little or no interaction with their fund) to contact their fund and ask for a transfer to MySuper to happen.

SuperRatings welcome media enquiries regarding any of our research or information held in our database.

We are also able to provide commentary and customised tables/graphs for your use.

Our Media Contacts

Jeff Bresnahan
Founder & Chairman

Tel: 02 9247 4711

Mob: 0411 472 470

JeffB@superratings.com.au

Kirby Rappell
Research Manager

Tel: 02 9247 4711

Mob: 0408 250 725

KirbyR@superratings.com.au

Adam Gee
Head of Consulting

Tel: 02 9247 4711

Mob: 0416 044 449

AdamG@superratings.com.au

Nathan MacPhee
Chief Executive Officer

Tel: 02 9247 4711

Mob: 0410 454 477

NathanM@superratings.com.au

Require further information?

Simply go to our website:

www.superratings.com.au

SUPERRATINGS' MEDIA RELEASE

Wednesday, 5 February 2014

As can be seen on the earlier graph, on average those who are transferred are set to save over 30% per annum over their existing fees. For example, many of the retail banks have launched their new MySuper products and Australians in Corporate Retail products are the biggest beneficiaries with expected savings to the tune of over \$700 million per annum in lower fees. The reduction in this sector, on a \$50,000 account balance, is 36%, with average fees dropping from \$932 per annum to just \$593 per annum. However, this is also the sector which will take the longest to transition members.

By contrast, the Not-for-Profit sector, including industry funds, have reduced costs by 5% over the past 12 months and their average annual MySuper fee on a \$50,000 account balance is currently \$498. The great majority of this sector has indicated that members will be transferred immediately.

Despite having rated Australian superannuation funds for over a decade, SuperRatings review of MySuper products did throw up some interesting results, including the much stronger showing of retail fund offerings due to their substantially improved value for money and in particular the improved transparency of their overall fees. The highest rated MySuper products are listed below with the complete set of ratings available on SuperRatings website <http://www.superratings.com.au/ratings/super>



AUSCOAL Super - MySuper
 AustralianSuper - MySuper
 BUSSQ - MySuper
 CareSuper - MySuper
 Catholic Super - MySuper
 Cbus - Growth (MySuper)
 Club Plus Super - MySuper
 Commonwealth Bank Group Super - MySuper
 Energy Super - MySuper
 Equip - MySuper
 First State Super - MySuper Life Cycle
 HESTA - MySuper
 HOSTPLUS - MySuper
 Intrust Core Super - MySuper
 LGsuper - MySuper Lifecycle
 LUCRF Super - MySuper Balanced
 Mercer SmartPath - MySuper
 NGS Super - MySuper
 Plum Superannuation Fund - MySuper
 REST Super - MySuper
 Sunsuper for Life - MySuper
 Telstra Super - MySuper
 UniSuper - MySuper
 VicSuper Growth (MySuper)
 Vision Super - MySuper



AMIST - MySuper
 AMP - MySuper
 AMP - MySuper Balanced
 ANZ Smart Choice Super - MySuper
 Aon - MySuper
 Australian Catholic Super & Retirement Fund - MySuper
 AustSafe Super - MySuper
 AvSuper - MySuper
 BT Super for Life - MySuper
 Club Super - MySuper
 Colonial First State - FirstChoice Super MySuper
 Commonwealth Essential Super - MySuper
 CSS PSS accumulation plan - MySuper
 EISS - MySuper
 Kinetic Super - Growth (MySuper)
 legalsuper - MySuper Growth
 Local Government Super MySuper Age Based Strategy
 Media Super MySuper
 Mercy Super - MySuper
 MTAA Super - MySuper
 QANTAS Super Gateway - MySuper
 QIEC Super - MySuper
 REI Super - MySuper
 Russell SuperSolution - MySuper
 StatewideSuper - MySuper
 Tasplan - MySuper
 TWUSUPER - Balanced (MySuper)



SUPERRATINGS' MEDIA RELEASE

Wednesday, 5 February 2014

Additional Return and Database Information

We believe our database to be the largest in Australia dealing with multi-employer superannuation funds, where the great majority of Australians have their retirement benefits invested. We now update our website monthly to show the top 10 performing funds together with the medians over all time periods for the following investment options: Balanced, Growth, Australian Shares, International Shares, Capital Stable, Property, Conservative Balanced, High Growth, Secure, Diversified Fixed Interest and Cash.

Release Ends

About SuperRatings

SuperRatings Pty Ltd ABN: 95 100 192 283 AFSL 311800 (SuperRatings) is a superannuation research house with specialist areas of expertise, that was originally established in 2002. From 1 July 2011, SuperRatings became a fully owned subsidiary of the entity currently registered as Lonsec Fiscal Holdings Pty Ltd, a privately owned and independent entity with a multi-brand strategy of providing leading financial services research and investment execution.

SuperRatings believes that professional financial advisers need informed opinions on the best superannuation and pension financial products to provide real value for their clients. To meet this need, SuperRatings has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of superannuation financial products. No fee is paid by superannuation and pension funds to SuperRatings for reviewing and rating superannuation and pension financial products.

Warnings: Past performance is not a reliable indicator of future performance. Any express or implied rating or advice presented in this document is limited to "General Advice" (as defined in the Corporations Act 2001(Cth)) and based solely on consideration of the merits of the superannuation financial product(s) alone, without taking into account the objectives, financial situation and particular needs ('financial circumstances') of any particular person.

Before making an investment decision based on the rating(s) or advice, the reader must consider whether it is personally appropriate in light of his or her financial circumstances, or should seek independent financial advice on its appropriateness. If SuperRatings' advice relates to the acquisition or possible acquisition of particular financial product(s), the reader should obtain and consider the Product Disclosure Statement for each superannuation financial product before making any decision about whether to acquire a financial product. SuperRating's research process relies upon the participation of the superannuation fund or product issuer(s). Should the superannuation fund or product issuer(s) no longer be an active participant in SuperRatings' research process, SuperRatings reserves the right to withdraw the rating and document at any time and discontinue future coverage of the superannuation and pension financial product(s).