



SUPERRATINGS' MEDIA RELEASE

Thursday, 5 February 2015

SUPERRATINGS LAUNCHES KIWISAVER RATINGS

After researching the New Zealand KiwiSaver market for more than two years, SuperRatings has now released its formal 2015 ratings, awarding 8 Schemes its highest Platinum rating.

SuperRatings has modified its unique value for money assessment currently used in Australia to the New Zealand KiwiSaver market by assessing a range of factors, beyond investment performance and fees, providing a far broader assessment of Schemes than is evident in the market currently.

Specifically, in addition to investment performance and fees, SuperRatings' assessment methodology also includes a review of member servicing, education and advice, which incorporates analysis of the manner in which a Scheme communicates with its members and the advice services available. An assessment of administration is also undertaken (which addresses the ease with which a member can interact with a Scheme) and the methodology is rounded out with an assessment of each Scheme's governance, which addresses conflicts of interest and the interactions with, and oversight of, key service providers.

KiwiSaver - a system New Zealand should be proud of

SuperRatings believe that the KiwiSaver system has achieved a great deal in only its eighth year of operation and the outcomes of our assessment show many positive aspects.

SuperRatings CEO, Adam Gee, noted "KiwiSaver is a highly efficient retirement system and our analysis shows that operating costs remain economical, allowing providers to offer well-developed products at a very reasonable cost".

Mr Gee also noted "It is evident that the role played by the IRD is critical in maintaining the efficiency of the system and the overall cost-effectiveness of KiwiSaver Schemes in comparison to other global retirement systems. In addition, the use of a single account for each individual adds further efficiencies to the system, mitigating the multiple account issues currently evident in Australia."

SuperRatings assessment also recognised that engagement levels within KiwiSaver are very high, with around 80% of members actively choosing a Scheme or investment option. This is in stark contrast to the Australian system where close to 80% of members still reside within default arrangements."

Mr Gee commented "We believe the availability of first home withdrawals within the KiwiSaver system has driven engagement in younger age groups, ensuring higher levels of interest amongst this demographic. This is not evident in other markets where balances are accumulated solely for retirement purposes."

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.

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Require further information?

Simply go to our website:

www.superratings.com.au

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Whilst the system is robust, room for improvement exists

Unlike the Australian retirement system, where investment approaches are relatively homogenous, SuperRatings witnessed a material divergence in investment structures across KiwiSaver providers. While the divergence provides real choice in the marketplace, it may present some challenges to members comparing superficially similar investment options.

SuperRatings recognise that these varying investment approaches lead to substantial divergence in asset allocations across similarly labelled KiwiSaver investment options. Mr Gee further commented "the range of underlying investment structures may provide material variances in investment outcomes for members, depending upon the performance of different asset classes within portfolios. Unlike Australia, where the majority of conservative, balanced and growth investment options use reasonably similar allocations to asset classes, the KiwiSaver system shows large differences, which will make it challenging for members to easily compare options".

SuperRatings also identified large variances between the levels of governance across Schemes, with differing degrees of oversight of service providers, as well as separate approaches to the use of independent investment advice. Mr Gee suggested "Whilst governance is strong across the majority of Schemes, we are fully supportive of the changes to the governance requirements announced by the Financial Markets Authority and believe that the additional obligations placed upon Trustees will further develop oversight practices and provide for the greater security of Scheme assets".

The top-rated schemes

The list below shows the top-rated Platinum and Gold KiwiSaver Schemes awarded under SuperRatings assessment criteria:

Platinum rating



AMP KiwiSaver
ANZ Default KiwiSaver Scheme
ANZ KiwiSaver Scheme
KiwiWealth KiwiSaver Scheme
Mercer KiwiSaver Scheme
Mercer Super Trust KiwiSaver Scheme
OneAnswer KiwiSaver Scheme
Westpac KiwiSaver Scheme

Gold rating



ASB KiwiSaver Scheme
BNZ KiwiSaver Scheme
Fidelity KiwiSaver Scheme
Grosvenor KiwiSaver Scheme
Medical Assurance Society KiwiSaver Plan
Milford KiwiSaver Plan
NZ Funds KiwiSaver Scheme

A further 15 Schemes were awarded SuperRatings Silver and Other ratings. The full list of ratings outcomes is available at www.superratings.com.au/kiwisaver.



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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.

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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. SuperRatings' 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).