

# SUPERRATINGS MEDIA RELEASE

Wednesday 10 December 2014

## SUPERRATINGS FINALISES 2015 RATINGS OF OVER 600 PRODUCTS

Following a rigorous review of superannuation funds across the country, SuperRatings is pleased to announce the finalisation of its 2015 ratings. This was SuperRatings 12<sup>th</sup> year of reviewing the Australian superannuation landscape, reflecting our assessment of products against SuperRatings 'Value for Money' proposition. The review assessed a total of over 600 superannuation products, including 105 MySuper Products, 320 Choice Products and 178 Pension Products. Combined, these products hold in excess of \$1 trillion in funds under management, servicing more than 20 million members.

SuperRatings methodology and assessment criteria are provided in detail on Page 3 of this media release.

### Outcomes of SuperRatings 2015 assessment

SuperRatings' 2015 ratings assessments can be found at: <http://www.superratings.com.au/ratings>

SuperRatings would like to congratulate the following funds for achieving a product rating upgrade:



#### Upgraded to Platinum

**RBF Allocated Pension**

**Russell SuperSolution - MySuper**



#### Upgraded to Gold

**Goldman Sachs & JBWere Superannuation Fund – MySuper, Benefits Plus & Pension**

**IOOF Employer Super – MySuper, Employer Division, Personal Division & Pension**

**MLC MasterKey Business Super**

**MLC MasterKey Business Super – MLC MySuper**

**Quadrant MyChoices**

**WA Super – My WA Super, Employer & Income Stream**



#### Upgraded to Silver

**ANZ Staff Super – Section A & Account Based Pension**

**Child Care Super – MySuper**

**Guild Super – MySuper**

**GuildPension**

# SUPERRATINGS MEDIA RELEASE

Wednesday 10 December 2014

## Key trends and themes evident within the superannuation industry

Following over 80 meetings with funds and service providers across the country, the key themes evident across the superannuation industry that will shape 2015 include:

- **MySuper products remain meaningfully different:** Despite many commentators' views that MySuper has created a commoditised superannuation product, our research indicates that significant variation in investment design, investment performance and product features are evident, despite some convergence in fee structures being evident.
- **The focus on fees is too great:** The level of focus on the level of superannuation fees continues to be apparent, with a concerning lower focus on overall investment outcomes for fund members. While competitive fees and charges are important, the quality of fee disclosure across the industry is extremely varied. In SuperRatings' view, whilst fees are important, a race to the bottom in terms of fees is unlikely to deliver better outcomes for superannuation fund members.
- **'Net Benefit to members' is key:** SuperRatings continues to believe that 'Net Benefit to Members', which is the level of investment earnings less fees and taxes, remains the most appropriate measure of member outcomes. This methodology can also allow for a meaningful comparison between active and passive structures, recognising whether a provider has added excess value to their members' accounts after fees and taxes.
- **Member Servicing is a true differentiator:** As fee convergence occurs, the importance of member servicing continues to rise. The benefits from helping members become more engaged with their super, through educational material and online tools, is expected to help drive improved member outcomes over the long term. SuperRatings analysis suggests that those funds that have invested in member segmentation, data analytics and propensity modelling to drive tailored communications and education are helping to improve member engagement, which will help support improved financial outcomes for members.
- **Broad advice partnerships will benefit members:** The advent of online scaled advice tools are providing simple advice to members in a timely manner at a competitive price. This is also being complemented by increasing levels of full financial planning capabilities, through broad partnerships, which has focused on the provision of high quality advice with strong oversight from the Trustee. SuperRatings analysis also indicates the availability of advice on or close to retirement provides super fund members with better opportunities to maximise retirement outcomes through the use of income stream/pension products.
- **The focus on retirement incomes is improving:** SuperRatings research indicated that funds were heavily focused on the implementation of regulatory change in 2013, however, the second half of 2014 has shown a greater focus on retirement outcomes and product development, particularly in the post retirement space. A small portion of funds have included a retirement income projection on their most recent member statement, while a larger proportion are expecting to implement this for their next round of member statements, which supports the recent findings announced by the Financial Services Inquiry.
- **Significant changes will continue:** Whilst change has been a feature of the superannuation landscape for many years, SuperRatings believes that further legislative changes will continue as foreshadowed in the recently released FSI Report. In addition to regulatory change, funds continue to dedicate significant time reviewing service providers. This is particularly evident in relation to administration, custody and insurance providers. Administration continues to be a key challenge in the industry, with a lack of automation and a reduction in the number of active providers evident. Insurance also remains an area of focus for funds, with premium increases being driven by deteriorating claims experience and increased lawyer involvement.

# SUPERRATINGS MEDIA RELEASE

Wednesday 10 December 2014

## SuperRatings assessment methodology and criteria

SuperRatings review of accumulation products includes assessments of over 1,000 components of a superannuation product, with key assessment areas including:

Assessment Module	Key Areas	Weighting
<b>Investment</b>	Performance, Risk Profiles & Process	22.5%
<b>Fees &amp; Charges</b>	Cost, Structure & Transparency	22.5%
<b>Insurance</b>	Rates, Terms & Conditions, Flexibility	10.0%
<b>Administration</b>	Processes & Systems, Service Standards, Employer & Adviser Servicing	10.0%
<b>Member Servicing</b>	Member Education, Seminars & Advice	10.0%
<b>Governance</b>	Trustee Structure, Processes and Risk Management	10.0%
<b>Qualitative Overlay</b>	Overall Benefits, Flexibility & Choice, Transparency	15.0%
<b>Total Assessment</b>		<b>100.0%</b>

For post-retirement products, the 10% assessment of Insurance is replaced with an assessment of Pension Flexibility, which examines the ability of members to make timely changes to their pension arrangements, pension payment flexibility and estate planning options.

SuperRatings limits the number of each rating that can be awarded to providers in the following manner:



Top 25% of Products Assessed.  
‘Best Value for Money’ product.  
Well balanced across all key assessment Criteria.



Next 25% of Products Assessed.  
A ‘Good Value for Money’ product.  
Strong in nearly all assessment areas.



Next 25% of Products Assessed.  
A ‘Reasonable Value for Money’ product.  
May be average or below average in some key assessment areas.



Bottom 25% of Products Assessed.  
Average or Below Average in some or all key assessment areas.

Following SuperRatings release of its initial review of MySuper Ratings in January this year, this has now been incorporated into our Annual Review with a dedicated MySuper Ratings process to help consumers and employers identify those funds offering the best value in the default superannuation fund market. This process ensures that funds are appropriately differentiated with each fund being reviewed every year relative to the market. This facilitates a culture of continuous improvement, such that as the market changes, those funds that do not improve and refine their products may slip in their ratings outcomes.

# SUPERRATINGS MEDIA RELEASE

---

Wednesday 10 December 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 accounts 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. 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).