

# MEDIA RELEASE

12 April 2012

## ATO NOW HOLDS ONE-THIRD OF AUSTRALIA'S LOST SUPER ACCOUNTS

### Highlights of the 2012 Eligible Rollover Fund ("ERF") Sector Review by SuperRatings

Member accounts in ERFs as at 30 June 2011	▼	22.6%	to 4.75 million accounts
Assets in ERFs as at 30 June 2011	▼	1.0%	to \$5.3 billion
Average Account Balance per member as at 30 June 2011	▲	18.1%	to \$1,224
Average Fees on a \$1,000 account balance	▲	1.2%	to \$30.58 or 3.06%

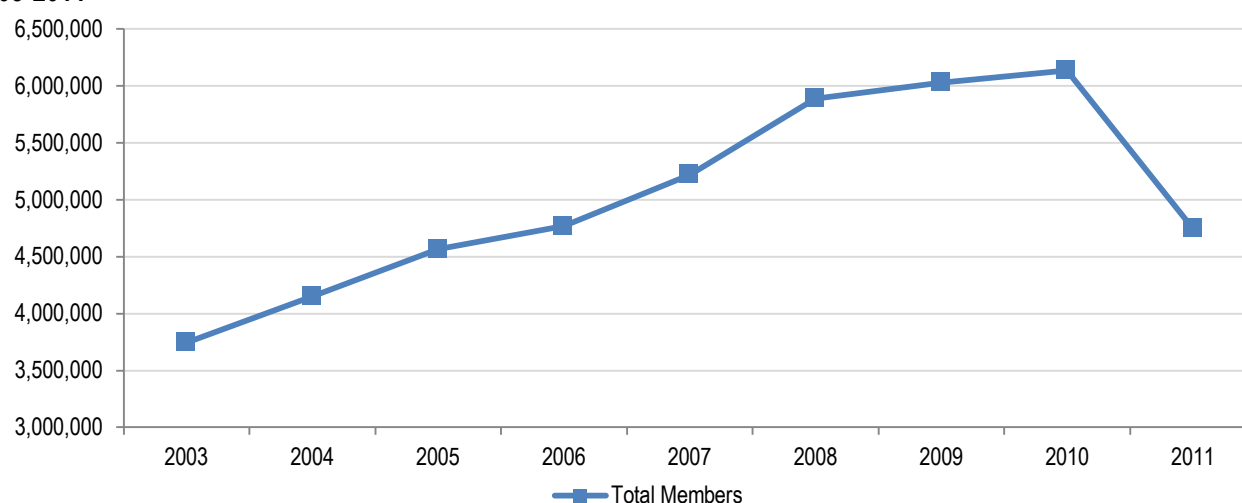
*SuperRatings has recently completed its 7<sup>th</sup> annual review of the ERF Sector. We are proud to announce that SuperTrace ERF was awarded ERF of the Year, ending AUSfund's six year reign. Please find a table showing our 2012 ERF Ratings on page 2 of this release as well as commentary on the market below.*

### THE ATO AND A SECTOR UNDER PRESSURE

The government mandated transfer of lost superannuation accounts to the Australian Taxation Office, that occurred in late 2010, placed significant pressure on the ERF sector over the 2010/11 financial year. As at 30 June 2011, the ATO was in possession of over \$730 million in unclaimed superannuation, representing 2.3 million accounts. This is close to double the \$393 million held as at 30 June 2010, and makes the ATO the largest depository of lost super accounts in the sector, and effectively the fourth largest ERF by Funds Under Management (FUM).

As a consequence, the total number of members in an ERF decreased by 1.39 million (22.6%) over the period, taking ERF membership back to 2006 levels. Despite this significant decrease in membership, the level of ERF FUM registered only a 1% decrease, as the majority of members transferring to the ATO had small account balances of less than \$200. The transfer of "Lost Accounts" to the ATO has impacted some ERFs more than others, with one ERF losing 62% of its members and another losing 27% of its FUM.

## TOTAL ERF MEMBERS 2003-2011



The outlook for ERF's has changed significantly in recent times, and the headwinds will only continue. The SuperStream reforms due to be introduced in the coming years will significantly simplify the process for funds and members to search for and consolidate accounts via Tax File Numbers (TFNs). As part of our analysis, our survey found that approximately half of ERF members have a TFN recorded against their account. When auto-consolidation of accounts begins, expected to be in January 2014, ERFs may see up to half their membership base disappear almost overnight.

Yet what may be a threat for funds is a positive for Australians with lost super. This has the potential to be a significant driver in the reduction of multiple superannuation accounts within the Australian Superannuation System. The number of accounts dropped from 30.98 million within APRA regulated funds, to approximately 28.83 million accounts between June 2010 and June 2011. Approximately 70% of this change was driven by the reduction in ERF members, with the remaining 30% coming from mainstream superannuation funds. However, there still remains approximately 2.5 accounts for each working Australian, although this ratio is expected to continue to decrease over the next two years.

## SOME ERFs PROVIDE VALUE TO THEIR MEMBERS BUT SOME COULD DO MORE

When SuperRatings first reviewed the ERF sector, we found that the majority did not provide value for money to their members. As a result, only AUSfund received our Platinum rating, which is awarded to those funds that we believe offer the best value to members. Seven years later, we are pleased to announce that two ERFs now hold our Platinum Rating - SuperTrace ERF (ERF of the Year 2012) and AUSfund.

This is SuperTrace's inaugural ERF of the Year Award and recognises the significant improvements the fund has made over recent years. SuperTrace offers a competitive fee structure to members, combined with a user friendly website (which helps members search for lost money) and a comprehensive strategy for searching for lost members. AUSfund, which has been the ERF of the year for the past six years, continues to offer excellent value to its members and remains a leader in reuniting members

with their lost super. Conversely, five ERFs were given an “Other Rating” and we believe these funds could do more to locate their lost members and reunite them with the lost accounts. For funds not receiving a Platinum, Gold or Silver rating, we would question their ongoing relevance and ability to add value to the industry in the face of regulatory change.

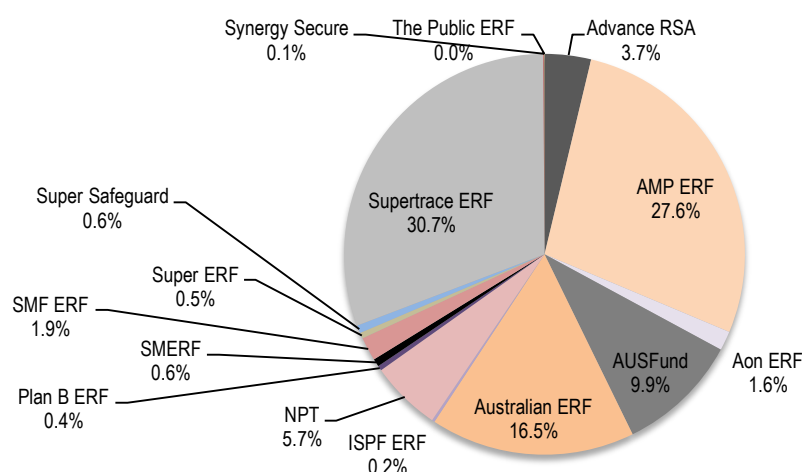
Each fund was ranked in terms of SuperRatings’ key rating criteria for ERFs (Fees, Investment Performance, Net Benefit to Member & Services) and the final ranking of each fund determined their eligibility or otherwise, when awarding a Platinum, Gold or Silver SuperRating. Where an ERF was not deemed to provide at least reasonable value for money, or insufficient data was available, then the ERF was allocated an “Other Rated” status.

The following SuperRatings were awarded to those ERF reviewed:

## 2011 ERF Ratings

Fund	Overall Ranking
Advance RSA	Silver
AMP ERF	Gold
Aon ERF	Other
AUSfund	Platinum
Australian ERF	Gold
ISPF	Silver
NPT	Silver
Plan B ERF	Silver
SMERF	Silver
SMF ERF	Other
Super ERF	Other
Super Safeguard	Gold
<b>SuperTrace ERF</b>	<b>Platinum – ERF of the Year 2011</b>
Synergy Secure	Other
The Public ERF	Other

## ERF MARKET SHARE BY FUNDS UNDER MANAGEMENT % of ERF Assets at 30 June 2011



Fund	FUM (\$Millions)	Market Share	Members ('000)	Market Share	Website
AUSfund	524.7	9.9%	1,429.40	30.10%	unclaimedsuper.com.au
SuperTrace ERF	1,632.1	30.7%	1,251.40	26.40%	supertrace.com.au
Australian ERF	877.7	16.5%	734	15.50%	perpetual.com.au
NPT	303.4	5.7%	366.8	7.70%	nptf.com.au
AMP ERF	1,467.4	27.6%	354.4	7.50%	amp.com.au
Super Safeguard	33.6	0.6%	246.2	5.20%	supersafeguard.com.au
SMERF	33.7	0.6%	90.1	1.90%	smerf.com.au
ISPF ERF	11.7	0.2%	79.8	1.70%	ispf.com.au
SMF ERF	101.7	1.9%	76.2	1.60%	smf.com.au
Aon ERF	82.6	1.6%	54.8	1.20%	erf.aon.com.au
Advance RSA	199	3.7%	31.1	0.66%	advance.com.au
Super ERF	24.4	0.5%	20	0.40%	supererf.com.au
Plan B ERF	21	0.4%	7.7	0.20%	planonline.com
The Public ERF	1.7	0.0%	2512	0.10%	eqt.com.au
Synergy Secure	3.2	0.1%	705	0.00%	financialsynergy.com.au

## ADDITIONAL 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 5 performing funds together with the medians over all time periods for the following investment options:

Balanced	Conservative Balanced
Growth	High Growth
Australian Shares	Secure
International Shares	Diversified Fixed Interest
Capital Stable	Cash
Property	

## RELEASE ENDS

## SUPERRATINGS

*To encourage and where necessary create disclosure within the Superannuation industry.*



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**More Info?? Simply go to our website**  
[www.superratings.com.au](http://www.superratings.com.au)

Click on "Latest Investment Returns" to view the various tables. The "SuperRatings' Index" as shown in the tables is the median result of the largest funds. We welcome any Media enquiries regarding any of the information held on our database and where possible we will provide customised tables/graphs for your use.

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