



SUPERRATINGS MEDIA RELEASE

Tuesday, 22 November 2016

SUPERRATINGS RELEASES 2017 KIWISAVER RATINGS

SuperRatings has now released its formal 2017 ratings, awarding seven schemes its highest Platinum rating. Now in its fourth year of rating the KiwiSaver system, SuperRatings recognises that substantial improvements have been made over the year in terms of member engagement and servicing, albeit the challenging investment environment has resulted in subdued returns for many KiwiSaver members and the race to the bottom on fees remains particularly concerning.

Similar to the methodology utilised for the assessment of retirement income markets in Australia and Hong Kong, SuperRatings continues its unique 'value for money' assessment by considering a range of factors beyond only investment performance and fees by incorporating a review of member servicing, member education, advice, administration and governance.

Once again, our analysis suggests that the KiwiSaver regime remains a highly efficient retirement system offering members a broad range of choice, with competitive fees and developing engagement structures.

The key findings of SuperRatings 2017 KiwiSaver review are outlined below:

Focus on 'after fee and tax outcomes' more important than pure fees

Whilst SuperRatings recognises that fees are an important factor in assessing the competitiveness of a scheme, we believe that there remains an unhealthy focus on fees within the KiwiSaver market, rather than the overall outcome delivered to members.

For the first time this year, SuperRatings have modelled the actual experience of a member within each of the KiwiSaver scheme, utilising a range of consistent assumptions. The methodology models the actual returns achieved by each scheme over a five-year period as well as the actual fees charged by each scheme over the same period and compounds this, along with contributions and tax paid by a member each and every year.

The findings of the modelling illustrate that there is often an inverse relationship between fees and investment outcomes achieved by members, as those funds with the lowest fees will often provide lower investment returns than their higher fee counterparts.

As a result, SuperRatings believes that a far better assessment of value for money would be to focus on the investment return achieved by each Scheme, net of any fees and taxes. The 'After Fee and Tax Outcome' is the true indication of a scheme's contribution to a member's retirement outcome as this is the amount that has accrued in the member's account.

The table overleaf summarises the outcomes of SuperRatings 'After Fee and Tax Outcome' modelling:

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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After fee and tax outcomes – 5 years to 31 March 2016

Scheme	Fees Deducted	Fees Deducted Rank	Investment Returns	Investment Returns Rank	Net After Fee and Tax Outcome	Net After Fee and Tax Rank
Schemes with the lowest fees						
Scheme A	\$1,239	1	\$14,031	14	\$12,792	11
Scheme B	\$1,523	2	\$12,556	16	\$11,033	15
Scheme C	\$1,718	3	\$17,236	6	\$15,518	3
Schemes with the highest after fee and tax return						
Scheme D	\$3,570	15	\$24,365	1	\$20,794	1
Scheme E	\$2,955	10	\$18,545	2	\$15,590	2
Scheme F	\$1,718	3	\$17,236	6	\$15,518	3

SuperRatings CEO, Adam Gee, confirmed “We remain highly concerned with the continual focus on fees by many participants within the KiwiSaver market. As is evident from our modelling, whilst fee savings will deliver some benefit to members, the associated reduction in potential investment earnings is often four to five times the level of fees saved”. Mr Gee further commented “All participants within the KiwiSaver market, including regulators, providers and advisers should ensure that the key measure of the industry’s success should be the net after fee and tax outcome, rather than a race to the bottom on fees, which will benefit very few over the longer-term”.

Improvements evident in member engagement

SuperRatings research shows that there have been material improvements in online calculators, retirement tools and advice structures across the KiwiSaver market, albeit there continues to be further room for tailored, online education and servicing. Mr Gee confirms “With balances continuing to grow across the industry, it is only a matter of time before members become far more engaged with their KiwiSaver scheme”.

The top-rated schemes

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

Platinum rating



ANZ Default KiwiSaver Scheme
ANZ KiwiSaver Scheme
Fisher Funds Two KiwiSaver Scheme
Kiwi Wealth KiwiSaver Scheme
Mercer KiwiSaver Scheme
OneAnswer KiwiSaver Scheme
Westpac KiwiSaver Scheme

Gold rating



AMP KiwiSaver Scheme
ASB KiwiSaver Scheme
BNZ KiwiSaver Scheme
Fisher Funds KiwiSaver Scheme
Generate KiwiSaver Scheme
Milford KiwiSaver Plan



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A further 12 Schemes were awarded SuperRatings Silver and Other ratings. The full list of ratings outcomes is available at www.SuperRatings.com.au/kiwisaver.

Release Ends

About SuperRatings

SuperRatings Pty Ltd ABN: 95 100 192 283 AFSL 311800 (SuperRatings) is a 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 KiwiSaver 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 KiwiSaver products. No fee is paid by KiwiSaver schemes to SuperRatings for reviewing and rating KiwiSaver products.

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