



## SUPERRATINGS MEDIA RELEASE

Tuesday, 24 November 2015

### SUPERRATINGS RELEASES 2016 KIWISAVER RATINGS

After researching the KiwiSaver market for the third year, SuperRatings have now released its formal 2016 ratings, awarding seven Schemes its highest Platinum rating.

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 investment performance and fees, which provides a far broader assessment of Schemes than is present in the KiwiSaver market.

Specifically, in addition to investment performance, investment processes, variety of investment options 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 the 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 remains a successful, competitive system

SuperRatings continues to believe that the KiwiSaver system is still in its infancy but has been successful in building retirement incomes for members. SuperRatings also believes that the system remains highly competitive, offering members a broad range of choice and differentiation between providers.

SuperRatings CEO, Adam Gee, noted "We continue to rate the KiwiSaver market highly in comparison to the other retirement systems we review, with strong levels of member engagement and investment choice evident, underpinned by very cost effective operating models".

Mr Gee also suggested "The system has maintained a material differentiation in investment processes, structures and asset allocations across Schemes, which allows for a broad range of choice for members. While the differences allow for a variety of investment outcomes, this places greater importance on the level of education available through Schemes to ensure members understand the differences and can make an informed decision for their most suitable Scheme".

SuperRatings also recognised that fee structures, particularly across default providers, remain highly competitive, with average fees falling further during 2015. Mr Gee commented "Whilst fee reductions are a good thing for members, with a greater focus by providers and regulators on increasing the services and education offered to members and a need for more advice, we remain concerned that the fee reductions across the industry may not be sustainable".

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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## A pure focus on low fees is unhealthy

SuperRatings recognises that fees are an important factor in assessing the competitiveness of a Scheme, albeit the unhealthy focus on fees within the KiwiSaver market, which is also common across a number of global retirement markets, remains a key concern. SuperRatings research in Australia has shown an often 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, which SuperRatings has termed “Net Benefit to Member”. The Net Benefit to Member is the true indication of a Scheme’s contribution to a member’s retirement outcome.

Mr Gee said “We remain concerned with the sole focus on fees across the industry and do not want to see a race to the bottom on fees at the expense of competitive investment returns. SuperRatings remains a firm believer that active investment management can add value and that any decision to use passive or index investment structures should only be made on the basis of value, rather than purely on fees”.

## Member engagement tools and advice structures still in their infancy

SuperRatings research shows that there have been some improvements in online calculators, retirement tools and advice structures across the KiwiSaver market, albeit there remains room for development of these tools and services. Whilst choice of KiwiSaver products and investment options remains relatively high in comparison to Australia, we continue to believe that the opportunity for greater engagement exists and the most cost effective way to deliver this, is through online tools.

Based on our research within Australia, we note that online advice tools (also known as “robo-advice”) are a complement, rather than a replacement for face-to-face or telephone based advice and provide a good initial avenue to engage with members. Mr Gee said “Given the broad range of offerings on the market, we believe engagement and advice tools are key to ensuring members can make an educated decision regarding which KiwiSaver provider and chosen investment option is most suitable for their needs”.

## The top-rated Schemes

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

### Platinum rating



AMP KiwiSaver Scheme  
ANZ Default KiwiSaver Scheme  
ANZ KiwiSaver Scheme  
Kiwi Wealth KiwiSaver Scheme  
Mercer KiwiSaver Scheme  
OneAnswer KiwiSaver Scheme  
Westpac KiwiSaver Scheme

### Gold rating



ASB KiwiSaver Scheme  
BNZ KiwiSaver Scheme  
Fisher Funds KiwiSaver Scheme  
Fisher Funds Two KiwiSaver Scheme  
Generate KiwiSaver Scheme  
Grosvenor KiwiSaver Scheme  
Milford KiwiSaver Plan

A further 13 Schemes were awarded SuperRatings Silver and Other ratings. The full list of ratings outcomes is available at [www.SuperRatings.com.au/KiwiSaver](http://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 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.

**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 Information Statement for each KiwiSaver product before making any decision about whether to acquire a financial product. SuperRatings research process relies upon the participation of the KiwiSaver Scheme or product issuer(s). Should the KiwiSaver Scheme 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 KiwiSaver product(s).