

Friday, 23 November 2018

## Industry Superannuation Funds increase satisfaction lead

New results from Roy Morgan show that in the six months to October 2018, the satisfaction with the financial performance of industry funds was 61.8%, compared to retail funds with 58.2%. This 3.6% point satisfaction lead to industry funds is an increase from 2.2% at the same time last year and is a result of industry funds improving satisfaction by 2.7% points compared to a gain of only 1.3% points for retail funds.

These are the latest findings from Roy Morgan's '[Satisfaction with Financial Performance of Superannuation in Australia Report October 2018](#)' which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes, including over 30,000 with superannuation. The report covers a trend of over a decade.

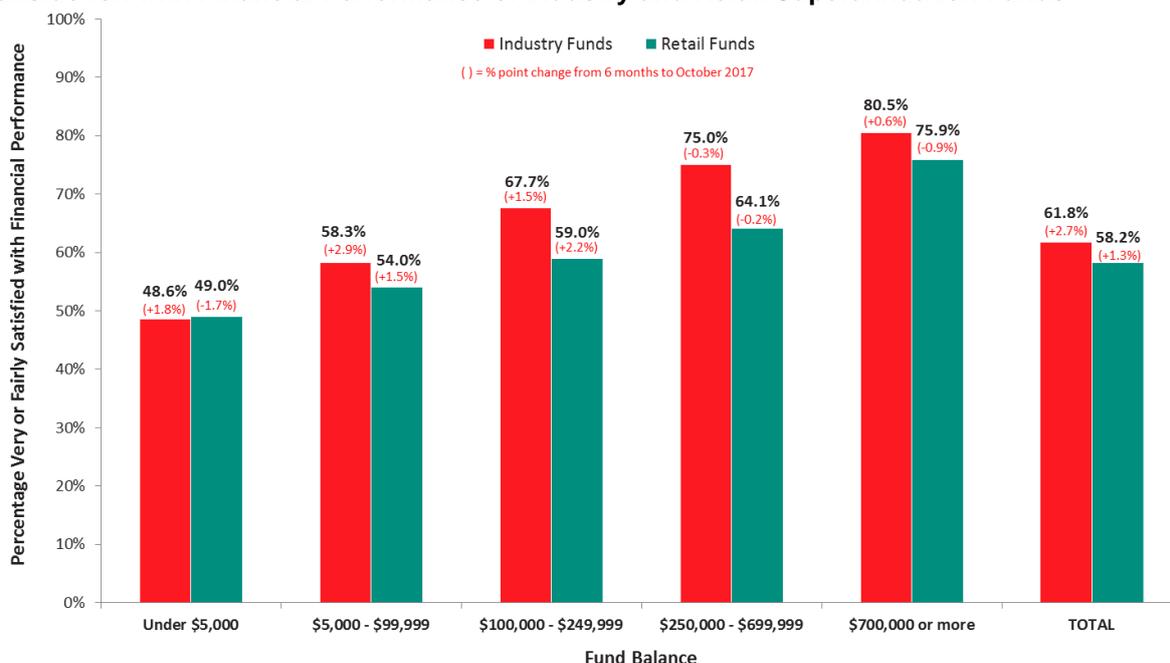
### Industry funds lead satisfaction for all balances over \$5,000

The only area where retail funds have higher satisfaction than industry funds is for balances below \$5,000, where they only lead marginally with 49.0% compared to 48.6%.

Satisfaction with both industry and retail funds improves as balances increase, shown by the fact that for balances of \$700,000 or more, both have their highest satisfaction, with industry funds on 80.5% compared to 75.9% for retail funds. Industry funds have their biggest lead in satisfaction in the \$250,000 to \$699,999 segment where they lead by 10.9% points, followed by the \$100,000 to \$249,999 group where they are ahead by 8.7% points.

Over the last 12 months, industry funds made their biggest satisfaction gain among those with balances of \$5,000 to \$99,999 (up 2.9% points), while retail funds improved by 2.2% points in the \$100,000 to \$249,999 segment.

### Satisfaction with Financial Performance of Industry and Retail Superannuation Funds



Source: Roy Morgan Single Source (Australia), 6 months to October 2017, n = 25,012; 6 months to October 2018, n = 25,304.

Base: Australians 14+ with superannuation, 6 months to October 2017, n = 15,385; 6 months to October 2018, n = 15,224.

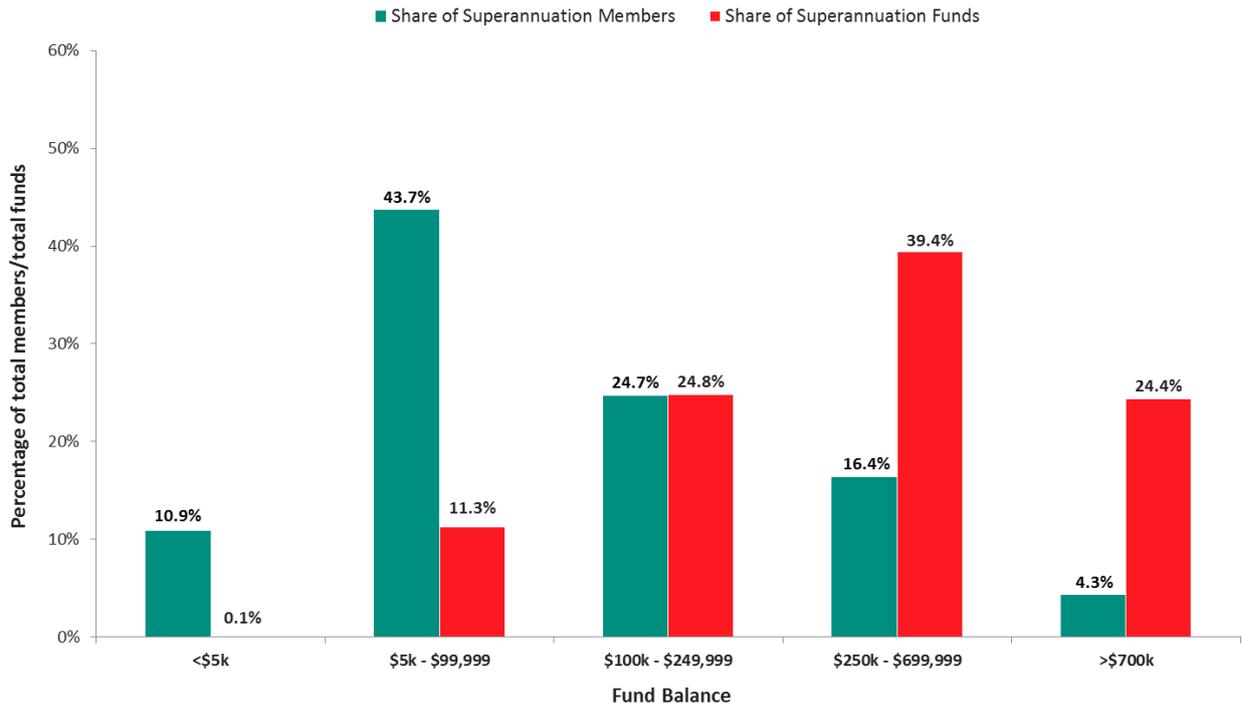
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## Importance of understanding heavy balance skews in superannuation

Although retail funds lead in satisfaction among those with balances under \$5,000, this segment is of little current value as it only holds 0.1% of the total market value, despite having 10.9% of the customers. As a result of this skew we can see that improving satisfaction among the lowest value groups is unlikely to gain significant funds in the short term.

At the other end of the market only 4.3% of fund members have balances of \$700,000 or more but they account for nearly a quarter (24.4%) of the market value. This group, combined with the \$250,000 to \$699,999 segment, accounts for only 20.7% of members but 63.8% of funds, giving them a much greater potential if satisfaction can be lifted.

## Share of Superannuation Members Compared to Superannuation Funds



Source: Roy Morgan Single Source (Australia), 6 months to October 2018, n = 25,304.

Base: Australians 14+ with Superannuation, n = 15,224.

### Norman Morris, Industry Communications Director, Roy Morgan says:

*“Retail superfunds and their providers have been taking the brunt of the adverse publicity regarding superannuation and wealth management generated by the Finance Royal Commission. This publicity has the potential to adversely impact satisfaction ratings relative to industry funds which have received very little attention. In addition, published performance tables on superannuation generally show industry funds have been performing better than retail funds.*

*“Despite these negative factors having the potential to impact on relative satisfaction ratings between retail and industry funds, satisfaction for both has actually improved over the last 12 months. It is worth noting however that satisfaction to date is unlikely to have fully factored in the current declines in the stock market and property values.*

*“Superannuation satisfaction plays a vital part towards understanding the behaviour of fund members as it is unlikely that the majority will be actively engaged enough to be reading performance tables. It is more likely that it is how they feel regarding the performance of their fund that will ultimately determine their actions. This release has also shown the importance of understanding satisfaction levels not just overall but across different balance ranges, due to the fact that success with the high value members is likely to show the greatest gains in fund volumes.*

*“The data shown here is only a small part of the superannuation and other finance data that we have collected from more than a million interviews over the last two decades. To understand more about superannuation in-depth, including brand performance and long term trends, simply ask Roy Morgan.”*



To learn more about Roy Morgan’s superannuation data, call (+61) (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).

Please click on this link to the [Roy Morgan Online Store](#).

**About Roy Morgan**

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years’ experience in collecting objective, independent information on consumers.

**Margin of Error**

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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