Insight like no other

Superannuation Fees Report 2014

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1. Executive summary

1.1 About this report

The Financial Services Council (FSC) has contracted Rice Warner (Rice Warner) to analyse superannuation fees for the year ending 30 June 2014. We have prepared similar reports since 1999 for the FSC. We have referenced results from those reports to highlight longitudinal trends.

The Report is based on published APRA statistics supplemented by information in the Product Disclosure Statements, annual reports and surveys of fund fees. We have also collected fees from legacy retail products from a number of financial institutions.

We define superannuation fees to be the amounts charged to members for the costs of managing their benefit. Several items are excluded, including:

- Taxes and insurance premiums.
- Fee subsidies made by employers and not charged to the fund.
- Fees for personal financial advice which are paid direct by members and not taken out of fund fees.
- Tax credits for deductions on fees and insurance premiums which some funds retain in a separate reserve rather than crediting back to members.

We have added in the investment margin on guaranteed products (term deposits, cash and annuities) for the retail and SMSF sectors

We have separated fees into three major components:

- Operating fees – these are typically called administration fees by the industry. In the retail sector, they often include platform fees - platforms being the portals set up for multiple investments and which provide consolidated reporting to a member and their adviser.
- Financial advice – these are the component of overall fees required to cover the costs of providing advice to members. In the retail sector, these fees are usually deducted from member accounts to finance personal advice fees deducted by the product provider; in other sectors they cover the costs of providing advice (e.g. intra-fund advice) directly to the members or the cost of advice services provided by a third party.
- Investment management – this is the cost of investing and includes the costs of asset consultants, custodians and any in-house investment teams.

We have also added an additional section (3) to the report which specifically looks at whether industry fees are too high. This is topical given the many suggested changes to the industry including the recommendations of the Financial System Inquiry and the unclear situation with superannuation within Modern Awards.

1.2 Key findings

1.2.1 Change in overall fees

We have calculated that the overall fees for the whole superannuation industry, expressed as a percentage of assets, averaged 1.10% (or 110 basis points [bps]) for the year to 30 June 2014 (on assets of $1,837 billion).

Our estimate for the year to June 2013 was 1.17% (on assets of $1,617 billion)[1].

Fees (as a percentage of assets) have decreased between 2014 and 2013. We attribute the decrease to:

- Lower investment costs, which have resulted from greater investment in indexed assets and larger investment mandates. This reduction has outweighed the shift to unlisted assets which are more expensive.
- Lower advice costs as trail commissions no longer apply in retail products.
- A technical decrease due to increased average account balances, reflecting strong returns in investment markets for 2013-14
- Competitive pressure which has led to MySuper fees lower than previous default arrangements.
- Increases in scale and removal of subscale funds through corporate outsourcing and mergers.

The largest changes occurred in the following segments:

- Eligible rollover funds (decrease of 25 bps).
- Small and large corporate super master trusts (decrease of 16 and 13 bps respectively).
- Industry funds (decrease of 11 bps).

1.2.2 MySuper

Superannuation funds have been able to offer MySuper since 30 June 2013 and employers have been required to make default contributions on behalf of their employees to a MySuper product since 1 January 2014.

Rice Warner has examined the fees for MySuper products against comparable default options in our 2011 report. The results of our analysis are given in Table 1.

[1] Note this estimate has been revised since the 2013 report due to a change in the estimated investment management costs incurred by SMSF funds.

Table 1. MySuper product fees - 2014

			Average fee by account balance (% of assets)		
Segment	**Average $ per member fee**	**Average % of assets fee**	**$5,000**	**$20,000**	**$50,000**
2011					
Corporate	47	0.62%	77	170	355
Retail	64	1.61%	144	385	867
Industry	68	0.76%	106	220	449
Public Sector	28	0.58%	57	144	317
Total	**63**	**0.92%**	**109**	**248**	**525**
2014					
Corporate	77	0.85%	120	247	502
Retail	60	0.78%	99	216	448
Industry	75	0.72%	111	219	435
Public Sector	58	0.51%	84	160	313
Total	**66**	**0.71%**	**102**	**209**	**423**

From the results of our analysis, we expect that the introduction of MySuper will cause fees to converge to 1% of assets in the next few years.

1.2.3 Fee changes over the decade

We note that the total fee rate for 2014 is 20 bps lower than the 2004 expense rate (see Table 3, which sets out fee rates over the last decade). The decrease in fees is considered by some commentators to be modest. Fund consolidations have resulted in increased scale and lower fees across the industry. However, other offsetting factors have prevented fees from falling as far as they could.

- A shift in investments to higher cost asset classes, including direct investments in infrastructure, private equity, hedge funds and other international assets.
- A huge growth in member engagement services in all sectors, including the provision of intra-fund advice in many funds.
- Heavy investment in modern administration platforms.
- Increased compliance costs, particularly with the introduction of MySuper and SuperStream.

1.2.4 Fee changes since 2014

Other key drivers influencing fee reduction over the last year are:

- A number of mergers resulting in greater economies of scale.
- Continuation of the outsourcing of superannuation for larger companies and the winding up of smaller corporate funds. There is keen competition amongst the specialist multi-employer funds to win this business. The new arrangements are usually struck at an MER some 10 to 30 bps p.a. lower than the standalone corporate fund.
- Greater awareness of advice fees.

- Increased average account balances with high market returns.
- Lower investment costs due to increased investment in passively or indexed portfolios, which cost less than actively managed equivalent portfolios.
- A number of low cost personal superannuation products have now accumulated significant funds under management and this is having a material impact on average fees in that segment. For these products, the cost of advice has been removed (as separate fees for advice are charged) and investment management fees are lower, reflecting higher allocations to indexed investment.
- The continued growth of the SMSF segment whereby many members and their assets are transferred to a lower cost fund.

Other key drivers influencing fee increases over the last year are:

- Higher advertising and marketing expenses as a result of competition between funds as more become public offer.
- Higher investment fees due to performance related charges by fund managers. Performance based fees have become more prevalent as many active managers have been able to outperform the hurdle rate for the performance fee.

1.2.5 Summary of results

Table 2 shows the composition of the fee rates for 2014 in terms of the cost of operating, investment management and the cost of advice. Fees are expressed as a percentage of mean fund size over the year to 30 June 2014.

Table 2. Fees 2014

Fees by superannuation segment – Year to 30 June 2014							
Sector	Segment	Operating	Investment management	Operating & investment management[1]	Advice	Total fees[1]
		(%)				
Wholesale	Corporate	0.16	0.46	0.62	0.02	0.64
	Corporate Super Master Trust (large)	0.28	0.53	0.81	0.04	0.86
	Industry	0.29	0.63	0.92	0.04	0.96
	Public Sector	0.17	0.59	0.76	0.04	0.80
Retail	Corporate Super Master Trust (medium)	0.66	0.62	1.28	0.10	1.38
	Corporate Super Master Trust (small)	0.79	0.64	1.43	0.11	1.54
	Personal Superannuation	0.87	0.49	1.36	0.29	1.64
	Retail Retirement Income	0.78	0.40	1.18	0.43	1.61
	Retirement Savings Accounts	0.60	0.40	1.00	-	1.00
	Eligible Rollover Funds	0.68	1.51	2.18	-	2.18
Small funds	Self-Managed Super Funds	0.21	0.68	0.89	0.15	1.04
Total		**0.37**	**0.59**	**0.96**	**0.14**	**1.10**

[1] Components may not add up to totals due to rounding.

Corporate super master trusts have been separated by size into:

- Large funds – sub-plan size above $5 million
- Medium funds – sub-plan size between $2 million and $5 million
- Small funds – sub-plan size below $2 million.

Table 3 shows the fees by product segment as a longitudinal progression.

Table 3. Total fee rate by superannuation segment over time

Sector	Segment	Fee rate %						
		2014	2013	2011	2010	2008	2006	2004
Wholesale	Corporate	0.64	0.78	0.79	0.80	0.73	0.78	0.75
	Corporate Super Master Trust (large) [1]	0.86	0.86	0.83	0.87	0.79	0.81	1.14
	Industry	0.96	1.07	1.13	1.26	1.07	1.13	1.18
	Public Sector	0.80	0.76	0.82	0.81	0.69	0.70	0.66
Retail	Corporate Super Master Trust (medium)^ [2]	1.38	1.30	1.83	1.95	1.87	1.83	2.11
	Corporate Super Master Trust (small)^ [3]	1.54	1.69	2.21	2.41	2.16	2.04	2.11
	Personal Superannuation	1.64	1.73	1.87	2.07	2.00	2.12	2.30
	Retail Retirement Income	1.61	1.71	1.75	1.85	1.84	1.79	2.04
	Retirement Savings Accounts	1.00	0.70	2.30	2.30	2.30	2.30	2.30
	Eligible Rollover Funds	2.18	2.43	2.40	2.42	2.49	2.53	2.53
Small funds	Self-Managed Super Funds	1.04	1.12	1.00	1.01	0.98	0.87	1.01
Total		**1.10**	**1.17**	**1.20**	**1.27**	**1.21**	**1.26**	**1.30**

^ Prior to 2006, corporate super master trusts were only segmented into funds with assets greater than $5 million and those with less than $5 million.

1 Excludes employer plans with less than $5 million in assets.

2 Employer plans with assets between $2 million and $5 million.

3 Employer plans with less than $2 million in assets.

1.2.6 *Cost of retail legacy products*

The fees quoted for the retail corporate master trust, personal superannuation and retirement income segments include all products provided within those segments, both contemporary products and legacy products.

The fees charged under contemporary products are often substantially lower than those under closed or legacy products. Table 4 estimates the effect of legacy products on the total expense rates for each Retail segment.

Table 4. Effect of legacy products on retail fee rates

Fees by superannuation segment – Year to 30 June 2014				
Retail segment	Legacy proportion[1]	Total segment fees	Legacy fees	Contemporary fees
	(%)			
Corporate Master Trusts	25	1.08	1.94	0.83
Personal Superannuation	30	1.64	1.95	1.51
Retirement Income	15	1.61	2.02	1.52

1 Proportion has been estimated based on previous FSC fees surveys and our knowledge of the segment.

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2. MySuper and Choice

2.1 Background

MySuper is the result of the Super System Review's proposal for a simple, low-cost 'default' option to be used for the 80% of employees who are deemed to be 'disengaged' with their superannuation fund. Funds have been able to offer a MySuper product since 30 June 2013. However, many did not launch their products until closer to the cut-off date for employers to direct default contributions to a MySuper product which was 1 January 2014.

MySuper is having a profound impact on fees within the commercial sector and has commoditised many features of superannuation products. This arises from a number of mandated features of a MySuper product, including:

- A single default investment strategy 'MySuper' (members who wish to elect an alternative strategy need to opt into a Choice product).
- Standardised fees for all members within a MySuper product (which employers may subsidise). Employers may negotiate a discounted fee for their employees who are members if this can be justified.
- Basic default death and TPD insurance on an 'opt-out' basis.
- No commissions to advisers.
- Large employers (500+ employees) may negotiate a tailored MySuper product.
- MySuper does not apply to defined benefit divisions or retirement products.

Despite MySuper being for the 'unengaged member', funds are able to build intra-fund advice into their fees and MySuper members are also allowed to apply for additional life insurance without being Choice members.

Many commentators were sceptical of the impact of MySuper on industry fee levels. Although it is evident now that MySuper will have an impact by comparing previous defaults to MySuper fee schedules, this is unlikely to be fully realised until the remaining Accrued Default Amounts ('ADAs') are transferred to MySuper in 2017.

2.2 Impact on fees

The introduction of MySuper led to significant margin compression on the Commercial master trusts. Most have settled on asset-based fees just under 1% a year which is more expensive than the large industry funds, but much closer than their previous products (which also included the cost of advice).

Many funds have introduced lifecycle investment strategies which also help to curb fees (MySuper legislation allows four different pricing points for these products). This occurs as those with the highest balances are older and have higher proportions of relatively cheaper defensive assets. There is an ongoing industry debate about whether lifecycle strategies and passive investments lower fees at the expense of foregoing investment returns.

Of course, fees cannot be viewed in isolation. Although it is true that MySuper was created as a commodity product, there are wide differences in services between funds and many of these have additional costs.

Apart from different investment structures, the other areas of product differentiation are:

- sophisticated advice models
- life insurance
- member services – which depend in part on the quality of administration platforms
- introduction of member-direct investments as a defence against members shifting to the SMSF segment.

We have also seen the beginnings of member analytics as funds start to shift to a member-centric world.

We have examined the change in fees MySuper products against the fees we recorded for the default options in the same funds at 30 June 2011. We were unable to capture the full market due to an absence of data in 2011 for some small corporate funds and corporate divisions of retail funds as well as the creation of some new products not existing in 2011.

The results of our analysis are given in Table 5. We have combined fees for personal super products and Corporate Super Master Trusts under the heading 'Retail' which is APRA's nomenclature.

Table 5. MySuper product fees - 2014

Average fee by account balance (percentage % of assets)					
Segment	**Average $ per member fee**	**Average % of assets fee**	**$5,000**	**$20,000**	**$50,000**
2011					
Corporate	47	0.62%	77	170	355
Retail	64	1.61%	144	385	867
Industry	68	0.76%	106	220	449
Public Sector	28	0.58%	57	144	317
Total	**63**	**0.92%**	**109**	**248**	**525**
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The results show that average fees have come down overall due to a reduction in asset based fees. However, dollar based fees have increased. The largest reduction has occurred within retail fund offerings with a reduction in percentage based fees from 1.61% to 0.78%. Average fees for corporate funds have actually increased since 2011.

From the results of our analysis, we expect that the introduction of MySuper will cause industry fees to converge to 1% of assets in the next few years.

2.3 Fees relative to Choice products

Fees for MySuper and Choice members within the same product are typically the same, with a few exceptions. Differences in fees for MySuper and Choice members arise because:

- some products are not MySuper authorised so all members are Choice by definition. For:
  - Commercial funds, Choice only products tend to have higher fees than MySuper products provided by the same organisation
  - Public Sector funds have similar fees for Choice only products in the same sector
- Choice members have balances four times higher than MySuper members on average which results in lower fees when expressed as a percentage of assets
- Choice members tend to choose investment options with higher allocations to cash and fixed interest which typically exhibit lower fees

Table 6 and Table 7 show the average MySuper and Choice fees excluding advice. Choice products exhibit lower fees on average due to the combined effect of higher average balances and lower allocations to growth assets.

Table 6. Average MySuper fees by sector (excluding advice)

Fee rate	Corporate	Retail	Industry	Public Sector
	%			
Operating	0.24	0.56	0.38	0.22
Investment Management	0.59	0.39	0.71	0.49
Total	**0.83**	**0.95**	**1.09**	**0.73**

Table 7. Average Choice fees by sector (excluding advice)

Fee rate	Corporate	Retail	Industry	Public Sector
	%			
Operating	0.12	0.70	0.12	0.16
Investment Management	0.42	0.52	0.48	0.58
Total	**0.54**	**1.22**	**0.60**	**0.66**

3. Are fees too high?

3.1 Background

The management of a regulated superannuation fund is complex. Clearly, funds need to charge members appropriate fees to manage the many functions. Those superannuation funds which are not for profit (NFP) need to ensure that the fees cover all costs as well as providing adequate reserves. Increasingly, funds need to invest in technology and new services, so the fees must be sufficient to cover this. Those funds which are managed as commercial entities also need to pay a return to the shareholders for their investment.

One reason for the complexity is that there are opposing forces operating on fee levels. There are several areas which lead to lower costs, including:

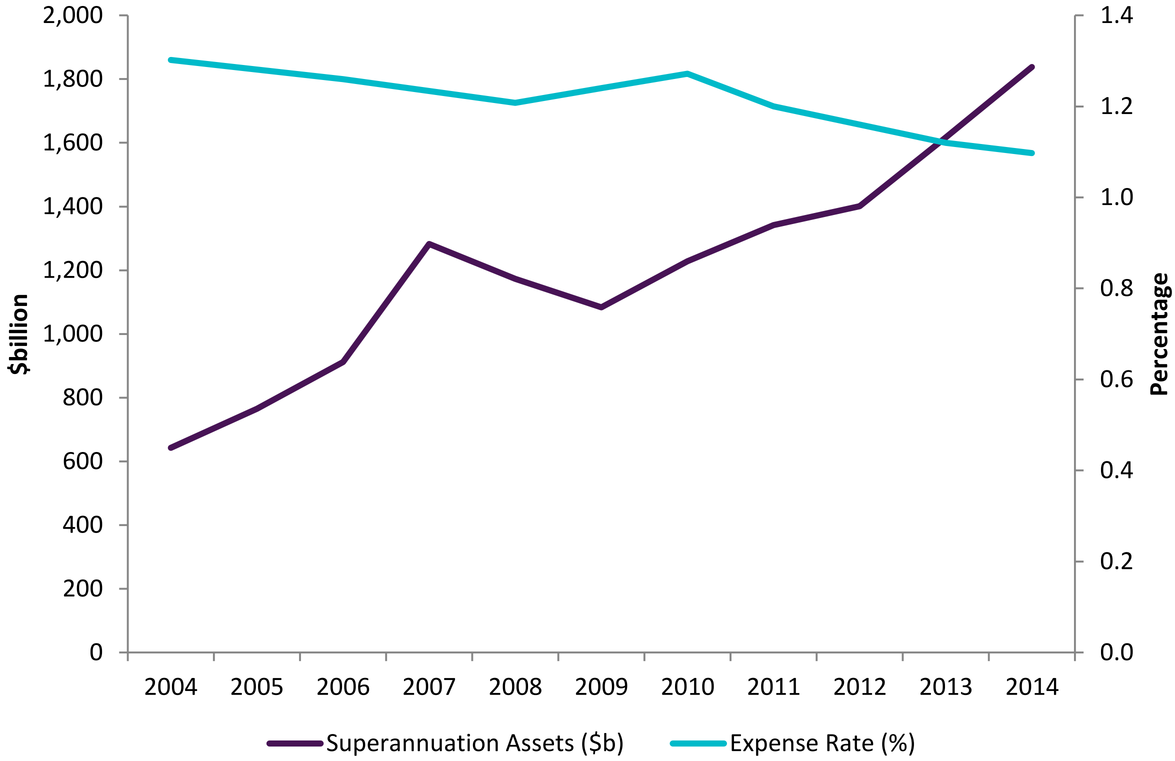
- technology which helps shift transactions from paper to more efficient media
- scale which provides benefits in many areas
- account consolidation
- funds consolidation

Conversely, there are many areas where funds have increasing costs, including:

- insurance operations
- member engagement services, including intra-fund advice
- retirement services

Against this background, fee levels across the board have fallen since we first started measuring them in 2004 (see Graph 1). We expect the MySuper and other Stronger Super changes will lead to further reductions in fees in coming years.

Graph 1. Superannuation market size and total expense rate from 2004 - 2014



Many commentators claim fees have not fallen far enough in the context of the exponential rise in superannuation assets over the same period. Recently, the Grattan Institute has been vocal and the Financial System Inquiry (FSI) concluded that fees should be lower.

It is very easy to state that 'the industry rips off consumers' or that aggregate fees in any industry are a figure in the billions. The media often draws attention to areas where charges are high and these statements are easily sensationalised. It is less easy to demonstrate value for money in a complex field.

3.2 Competition

Superannuation is heavily regulated and most funds provide an adequate service for their members. However, a poor fund could survive for some time as the majority of employees are unengaged and they will not react to poor performance, whether in service standards or in investment returns - and many employers are locked into their existing arrangements and cannot easily change them.

MySuper was introduced to provide a standard set of services for funds with material presented in a way which makes comparison easier for consumers. However, superannuation is too complex for simplistic comparisons and it is not clear if members are able to make rationale comparisons.

There is an argument for opening up competition which should lead to lower fees. Against this, there would be increased marketing costs in an open market so some or all of the benefit of competition could be negated.

It is constructive to examine the industry to identify the extent to which there are barriers to normal market forces providing consumers with the appropriately priced services for managing their superannuation savings.

To do this, we first need to recognise some of the unique facets of the superannuation industry:

- Participation in the superannuation system is linked to income and is compulsory for most working Australians.
- The majority of members are unengaged and do not make an active decision as to where they invest their superannuation. Instead the distribution of default superannuation is determined by the member's employer. Often, the employer is bound by the terms of an Enterprise Bargaining Agreement (EBA) or a Modern Award.
- Despite the majority of members being disengaged, the majority of assets belong to engaged or 'Choice' members. This indicates that those with larger balances will change funds if they perceive it is to their advantage.
- Approximately one-third of industry assets are self-managed by more than one million active members
- A large number of Australians cannot chose which superannuation fund they would like to join as they do not have fund choice.
- There are more than two accounts for each member in the superannuation system. Many of these accounts have been lost and add additional cost to the industry to administer.

3.3 Competitive structure

There are multiple distribution channels for superannuation members and the level of competition for these different segments of the market varies.

The channels include:

- Employer sponsored or 'default' business which can be split into two types,
  - Contestable business – employers which are free to choose their defaults and undertake tender processes to choose their default provider
  - Tied business – employers which have limited choice of fund due to agreements in enterprise bargaining agreements or modern awards
- Member directed or 'Choice' business which can be divided into,
  - Adviser-sold business – members who choose their superannuation fund with assistance from a financial adviser
  - Self-directed – members who actively choose which superannuation fund to belong to themselves
  - SMSFs – members who manage their own superannuation often under the advice of an accountant or financial planner

In all funds, members can vary their investment strategy to reflect their own circumstances or desire.

3.3.1 Contestable - employer sponsored superannuation

The market for the large employer sponsored business is one of the most competitive. Fees in this area are the lowest across all superannuation funds and large employers are able to achieve low fees. This is well evidenced by later sections in this report which show fees for these funds average about 86 bps.

The main sectors of the industry competing for this business are commercial funds through their corporate superannuation master trusts and a number of large industry funds. Both sectors tend to employ specialist employer service teams, business development managers and will support employer policy committees.

Strong competition in this sector gives rise to lower fees and more customised benefit design. Some employers have tailored MySuper products or tailored insurance along with discounted fees.

3.3.2 Tied – employer sponsored superannuation

This component of the market is less competitive than other parts of the industry. Funds nominated for the default business are usually associated with the union and employer association which have entered into the EBA or Modern Award. Consequently, default business is often not contestable. In addition, employees in some companies are not offered Choice of Fund for their employer contributions.

In the past, this has served to keep fees low. It has also subsidised members who work for small employers as MySuper funds charge the same member fee irrespective of the size of the employer making the contributions.

Most of the funds named in the industrial awards are from the industry fund sector and are run on an NFP basis. The guaranteed distribution of members has meant historically that these funds have not had to spend extensively on marketing and business development costs. However, the Choice world is competitive and all funds now invest in these services and actively compete for members outside their awards.

This system has led to the creation of many large and efficient funds in the industry fund sector. However, it has also had the effect of preserving funds which are subscale and less efficient. These funds would not easily compete openly in the market.

3.3.3 Choice superannuation

Members who actively choose their own fund have a large range of products from which to choose from (over 150 public offer RSEs as at 30 June 2015 regulated by APRA). Interestingly, fees for personal superannuation products in the retail sector are higher than many other sectors. This is not necessarily a reflection of poor competition but rather reflects the value these members put on flexibility and services.

Choice members typically prefer:

- significant levels of investment choice, a large investment menu and they are also more likely to invest in multiple options
- flexible benefit design
- an emphasis on education
- Further, the cost of personal financial advice can be included in the product costs (as an adviser fee) with the member's permission.

One barrier to competition in this sector may be in relation to the recommendations given by financial advisers. Advisers are less likely to recommend products outside the commercial sector of the market. This is because products from NFP funds are less likely to be included on 'Approved Product Lists' and do not form a part of the vertically integrated chains of many commercial funds.

It is interesting to see that over 1 million Australians have taken the route of setting up their own superannuation arrangements in a self-managed superannuation fund. These members have exercised choice to take greater control of their super and also reduce the fees they pay. This puts competitive pressure on funds to enhance services to keep members (for example, Member Directed investment options) and also to keep fees competitive for members with high balances. However, it also has the effect of increasing costs for funds by reducing the average member balance, reducing scale and putting pressure to increase services which may not be used by the majority of members.

3.4 Consolidation

The costs of managing a superannuation fund fall significantly with scale. If the industry was able to reduce the number of funds to no more than 40 to 50 RSE licensees, we expect that that this would put downward pressure on costs from scale benefits of **15 bps** which would be achieved via a:

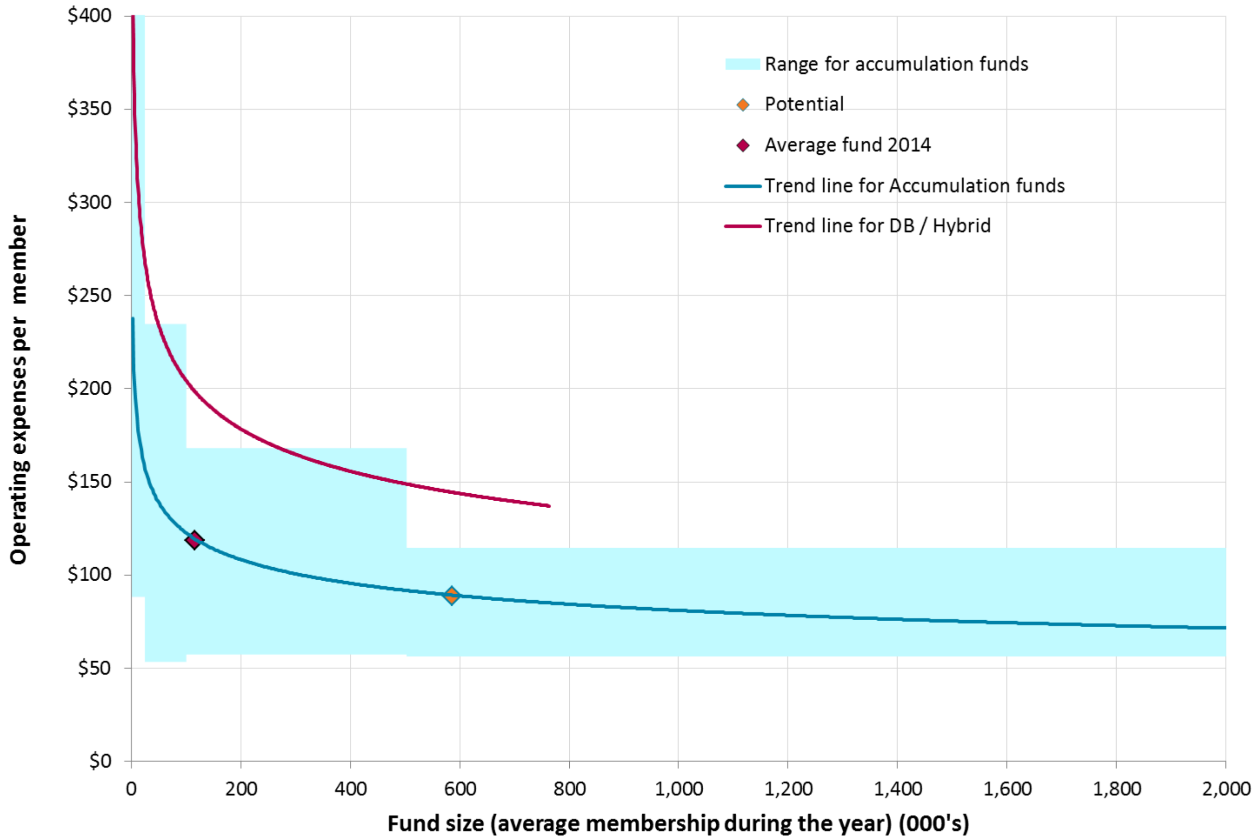
- 8 bps fall in operating expenses and
- 7 bps fall in investment expenses

This could reduce the total industry fee to **95 bps** assuming the cost savings were passed on fully to the member. This reduction would be on top of any 'natural fall in fees due to:

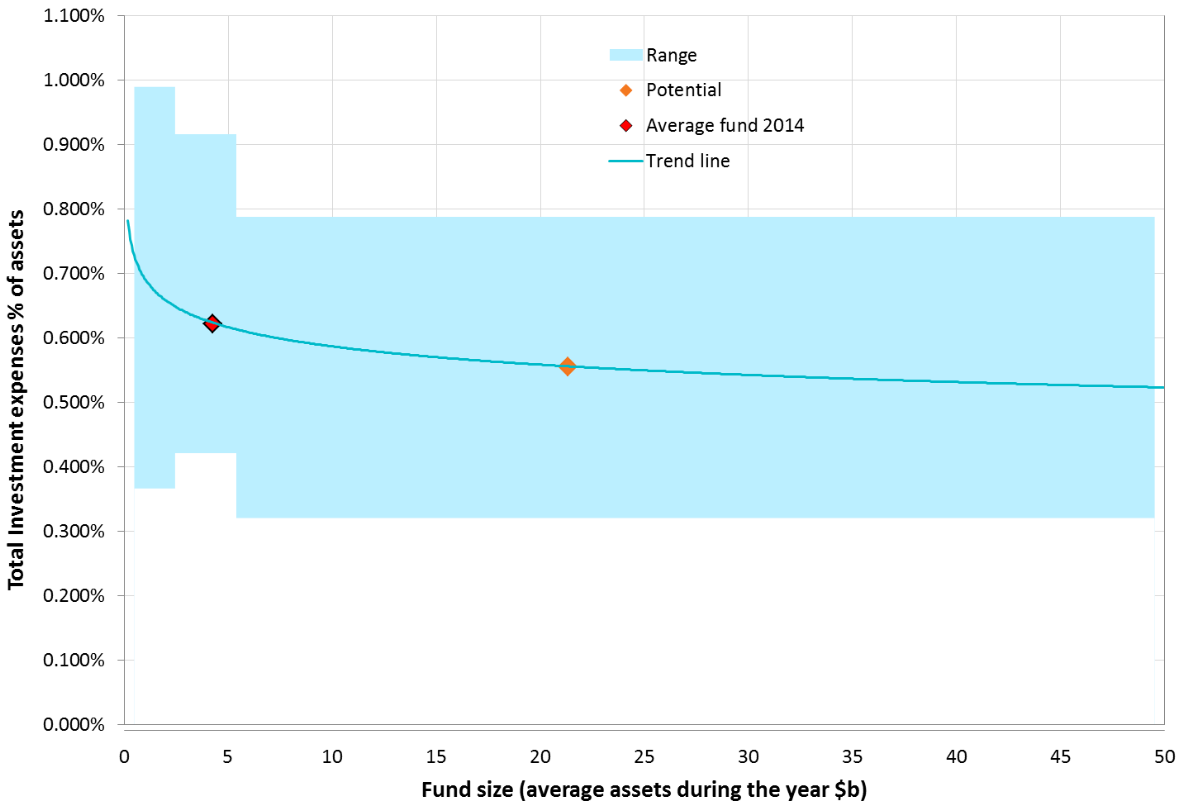
- growth in average member balances as the industry matures
- movement of Accrued Default Amounts to MySuper products
- competitive pressure to reduce fees
- cost efficiencies achieved through technology changes
- consolidation of member accounts.

Graph 2 illustrates how scale reduces costs for operational expenses and Graph 3 illustrates the same for investment expenses.

Graph 2. Impact of an increase in average fund size on operating expenses



Graph 3. Impact of an increase in average fund size on investment expenses



3.5 Applying the scale test

It is evident that an increase in scale could lead to reduced fees across the industry, but how could this be achieved?

As part of the Stronger Super package of reforms, funds offering a MySuper product must ensure that they do not disadvantage their members due to a lack of scale. APRA is tasked with ensuring compliance with this requirement and has the power to put pressure on funds via the 'scale test'.

One way to reduce fees would be to allow APRA to more aggressively apply the scale test to funds to reduce fees. APRA could benchmark funds against the rest of the industry and put a high level of pressure on the boards of sub-scale funds to consolidate. Over time, this would have the impact of reducing the number of funds in the industry to a desirable level.

Another way would be to open up the Modern Awards to more competition for superannuation. This would increase distribution costs and would require higher levels of governance of employer decisions, but it would put pressure on sub-scale funds to merge.

Members of smaller funds protected by these awards could see their fees reduce significantly. For example, industry funds under $1billion have an average fee rate of **141 bps**. If they were to reduce their fees to the level charged by larger funds in the same sector they would only pay on average **94 bps** a difference of **47 bps**.

If APRA did apply the scale test, many members would benefit without the need for any major structural change to the industry.

Table 8 shows the projected impact of this fee differential on both retirement balances and retirement income for males and females of various ages. We have used average starting balances based on a sample of superannuation accounts and assumed average earnings of AWOTE for each projection.

Table 8. Projected impact of average fee differential

Age	Fees of 94 bps		Fees of 141 bps		Difference	
	Balance ($)	Income ($p.a.)	Balance ($)	Income ($p.a.)	Balance ($)	Income ($p.a.)
Males						
20	533,100	46,400	477,900	42,600	55,200	3,800
30	306,700	36,500	279,000	34,300	27,700	2,200
40	231,400	32,700	214,600	31,200	16,800	1,500
50	182,000	30,100	173,200	29,100	8,800	1,000
Females						
20	532,600	43,800	477,600	40,300	55,000	3,500
30	303,100	35,100	276,000	33,000	27,100	2,100
40	218,400	31,200	203,100	29,900	15,300	1,300
50	154,100	28,000	147,400	27,300	6,700	700

It is important to note that the above figure of 47 bps represents the saving for individual members in high cost funds rather than an overall reduction in industry level fees.

The aggregate impact of simply moving to a lower fee base is small. In the example above, total industry fees would reduce by less than **1 bps**. The real saving occurs where the beneficiary funds of this member flow are able to reduce costs due to greater economies of scale, offset by any increased internal costs to compete more openly in the market for this business.

Table 9 shows the expected impact on fees if a minimum fund size threshold was implemented. This is not to suggest that niche, smaller player funds should be eliminated or no new entrants to the market allowed, but rather has been calculated to show the impact that eliminating small funds could have on fees.

Table 9. Estimated reduction in costs if a minimum scale test was applied

Minimum Size ($b)	Number of APRA regulated funds 30 June 2014	Estimated Reduction in costs (bps)
1	97	9
2	78	11
5	48	15
10	28	20
20	14	25

4. Background

The various segments of the market operate differently and provide some variation in services. Accordingly, they have different charging structures and experiences. Moreover, changes from new legislation and technology are occurring within the market which makes it important for information to be updated regularly.

This report provides an analysis of the fees charged in respect of each of the major market segments, suggests reasons for differences and comments on perceived trends.

4.1 Variation between segments

Our analysis of fees charged by superannuation funds shows that they vary between segments. The differences are largely due to:

- the cost of advice provided to employers and members
- the cost of platforms or the operating structure
- economies of scale
- regulatory differences (between ATO and APRA regulated funds)
- advertising and promotional costs for public-offer funds in a competitive environment
- variations in service standards and member engagement activities between funds
- variations in product features, in particular the range of investment and insurance options.

We present an overall fee ratio for ease of comparison. However, this figure must be treated with caution. As new information comes to hand, we are able to confirm and revise our previous estimates. We consider that our overall fee ratio is accurate to within five basis points.

4.2 Consolidated results

A summary of fees by segment is shown in Table 10.

Table 10. Fees and expenses by superannuation segment

Fees by superannuation segment – Year to 30 June 2014				
Sector	**Segment**	**Accounts ('000)[1]**	**Assets ($m)[1]**	**Fees ($m)**
Wholesale	Corporate	511	72,594	419
	Corporate Super Master Trust (large)[2]	3,201	82,773	679
	Industry	11,730	397,982	3,560
	Public Sector	3,250	287,455	1,991
Retail	Corporate Super Master Trust (medium)[3]	320	8,785	116
	Corporate Super Master Trust (small)[4]	1,118	35,785	527
	Personal Superannuation	3,933	206,636	3,201
	Retail Retirement Income	1441	178,253	2,400
	Retirement Savings Accounts	63	1,900	19
	Eligible Rollover Funds	4,117	4,986	109
Small funds	Self-Managed Super Funds	1,012	559,800	5,970
Statutory Fund Reserves			1,407	
Total		**30,696**	**1,838,356**	**18,992**

1 These figures are different from APRA's totals as we re-classified a number of funds between the various market segments.
2 Excludes employer plans with less than $5 million in assets.
3 Employer plans with assets between $2 million and $5 million.
4 Employer plans with less than $2 million in assets.

4.3 Summary of current expense rates

The current charging scale of the various segments of the superannuation industry can be simplified into the following fee rates expressed as a percentage of assets. Table 11 summarises the findings of the report. It is difficult to make direct comparisons between the fees charged by each segment because the product segments vary in the services and advice they provide.

Table 11 shows that corporate funds, large corporate master trusts and public sector funds remain the least expensive funds when cost is measured as a percentage of assets.

Table 11. Fee rate by superannuation segment

Sector	Segment	Fee rate %						
		2014	2013	2011	2010	2008	2006	2004
Wholesale	Corporate	0.64	0.78	0.79	0.80	0.73	0.78	0.75
	Corporate Super Master Trust (large) [2,3]	0.86	0.86	0.83	0.87	0.79	0.81	1.14
	Industry	0.96	1.07	1.13	1.26	1.07	1.13	1.18
	Public Sector	0.80	0.76	0.82	0.81	0.69	0.70	0.66
Retail	Corporate Super Master Trust (medium)^[4]	1.38	1.30	1.83	1.95	1.87	1.83	2.11
	Corporate Super Master Trust (small)^[5]	1.54	1.69	2.21	2.41	2.16	2.04	2.11
	Personal Superannuation	1.64	1.73	1.87	2.07	2.00	2.12	2.30
	Retail Retirement Income	1.61	1.71	1.75	1.85	1.84	1.79	2.04
	Retirement Savings Accounts	1.00	0.70	2.30	2.30	2.30	2.30	2.30
	Eligible Rollover Funds	2.18	2.43	2.40	2.42	2.49	2.53	2.53
Small funds	Self-Managed Super Funds	1.04	1.12	1.00	1.01	0.98	0.87	1.01
Total		**1.10**	**1.17**	**1.20**	**1.27**	**1.21**	**1.26**	**1.30**

Estimated total fees for the current and previous five reports produced by Rice Warner are shown in Table 12.

The growth in fees has been much lower in recent years, even though assets have grown in this period.

Table 12. Total fees 2006 - 2014

Year to	Total fees ($m)	Growth %%)
30 June 2014	18,992	7.5
30 June 2013	17,674	16.5
30 June 2011	15,164	3.1
30 June 2010	14,704	4.3
30 June 2008	14,093	34.5
30 June 2006	10,475	29.3
30 June 2004	8,104	

1 These two segments were only split from 2006 onwards.

2 Excludes employer plans with less than $5 million in assets.

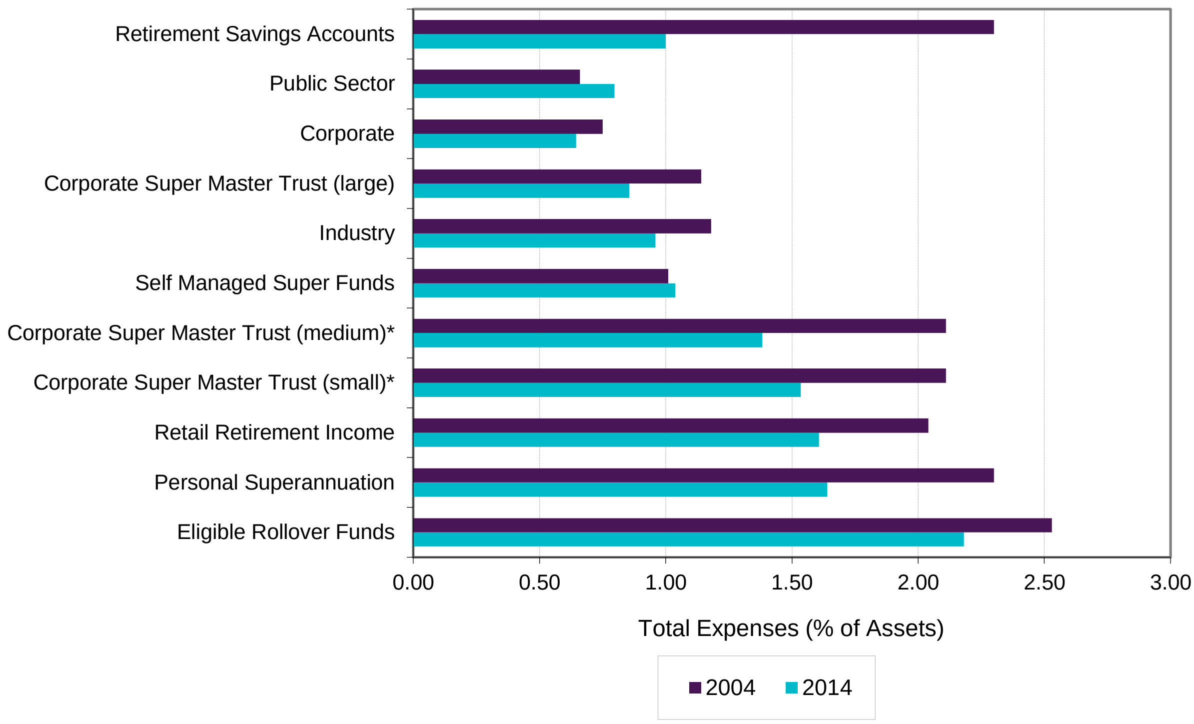
3 Employer plans with assets between $2 million and $5 million.

4 Employer plans with less than $2 million in assets.

Graph 4 shows total fees in 2004 and 2013. The retail master trust segments, (corporate super master trusts, personal superannuation and retail retirement income) and RSAs have shown the largest reductions over the eleven years.

In 2004, small corporate super master trusts were defined as funds with assets less than $5 million. In 2014, we have further divided the small corporate master trust segment into two segments: small corporate master trust and medium corporate master trust. Medium corporate super master trust is defined as sub-plans with assets of between $2 million and $5 million, while small corporate super master trust is now defined as sub-plans with assets less than $2 million.

Graph 4. Total expenses – 2004 and 2013



4.4 Retail sector

The total fees associated with the retail sector of the market are higher than those of the wholesale sector. This is partly due to the cost of advice which is included in the fees of some legacy products (and for Accrued Default Amounts). Retail costs are also higher due to product flexibility, including the investment platforms and more complex reporting requirements. In addition, there is a profit margin built into the business.

For wholesale corporate funds and industry funds, advice other than simple (intra-fund or scaled) advice on superannuation related matters is not factored into the product fees which leads to the perception of lower total fees.

4.5 Cost of legacy products

The fees quoted for the retail corporate master trust, personal superannuation and retirement income segments include all products provided within those segments, both contemporary products and legacy products.

Fees for modern superannuation products are substantially lower than the average fees quoted in Table 13. Contemporary fees will increase if a member chooses to engage a financial adviser on a retainer. The reduction in average fees is a transitional trend since MySuper legislation only requires that existing Accrued Default Amounts (ADAs) be transferred to a MySuper compliant product by July 2017. Consequently, many legacy products are expected to continue to run up until this date.

Fees for employer master trusts, personal superannuation and retail retirement income products have reduced significantly over the past few years. For example, our 2002 report *Superannuation Fees – Market Segment Analysis* showed average fees of:

- 2.10% p.a. for corporate master trusts
- 2.23% p.a. for personal superannuation
- 2.02% p.a. for retail retirement income products.

Table 13 estimates the effect of legacy products on the total fee rates for each product of the retail segment.

Table 13. Effect of legacy products on retail fee rates

Fees by superannuation segment – Year to 30 June 2014				
Retail segment	Legacy proportion[1]	Total segment fees	Legacy fees	Contemporary fees
	(%)			
Corporate Super Master Trusts	25	1.08	1.94	0.83
Personal Superannuation	30	1.64	1.95	1.51
Retirement Income	15	1.61	2.02	1.52

1 Proportion has been estimated based on previous FSC fees surveys and our knowledge of the segment.

Table 13 shows that for all retail segments, the total fee rates for contemporary products are lower than the total for the respective segments.

4.6 Dollar fee disclosure

All statements to members from July 2005 must show fees expressed in dollars. These fees include all asset-based fees currently deducted from earning rates. Table 14 sets out the fees which would apply had a member been in a typical fund for the segment. As the fee often varies with account balance, we have shown different examples. These have been constructed by considering, for each segment, the component of the fee which is fixed in dollar terms, and the component of the fee which is asset-based.

Table 14. The difference in fee levels needs to be considered in conjunction with the differences in services. Average dollar fee by account balance

Average dollar fee by account balance				
Sector	**Segment**	**$5,000**	**$20,000**	**$50,000**
Wholesale	Corporate	125	210	380
	Corporate Super Master Trust (large)[1]	80	180	375
	Industry	110	215	430
	Public Sector	75	190	415
Retail	Corporate Super Master Trust (medium)[2]	125	290	625
	Corporate Super Master Trust (small)[3]	145	345	740
	Personal Superannuation	150	370	805
	Retirement Income	155	390	855
	Retirement Savings Accounts	50	195	485
	Eligible Rollover Funds	110	435	1,090

Table 15 expresses the variation in fees by account balance in percentage terms.

Table 15. Average fee by account balance (percentage % of assets)

Average fee by account balance (% of assets)				
Sector	**Segment**	**$5,000**	**$20,000**	**$50,000**
Wholesale	Corporate	2.45	1.05	0.76
	Corporate Super Master Trust (large)[1]	1.65	0.90	0.75
	Industry	2.21	1.08	0.86
	Public Sector	1.53	0.94	0.83
Retail	Corporate Super Master Trust (medium)[2]	2.51	1.46	1.25
	Corporate Super Master Trust (small)[3]	2.92	1.72	1.48
	Personal Superannuation	2.96	1.84	1.61
	Retirement Income	3.09	1.94	1.71
	Retirement Savings Accounts	0.97	0.97	0.97
	Eligible Rollover Funds	2.18	2.18	2.18

1 Excludes employer plans with less than $5 million in assets.
2 Employer plans with assets between $2 million and $5 million.
3 Employer plans with less than $2 million in assets.

5. Corporate funds

5.1 Nature of corporate funds

A corporate fund is an employer-sponsored superannuation fund managed under its own trust deed. It is sponsored by a single employer or several closely related employers.

The trustees must comprise equal numbers of employer and member representatives. The trustees, as with all superannuation funds, are responsible for all compliance, including audit, lodgement of statutory returns and communication with members.

The administrative and legal requirements of the current superannuation regime include APRA RSE licences. This has added significant complexity and compliance risk for corporations and many have wound up their funds and transferred members and assets into other funds.

This has reduced the number of corporate funds and, as it is the smaller funds which have exited first, the average size of the remaining funds has increased.

Many corporate funds have a defined benefit (often closed to new members) and accumulation (defined contribution) structure, though there has been a gradual decline in the number of defined benefit arrangements.

Company funds charge members for services at cost. Many services are subsidised for larger funds. For example, the time spent by trustees and the fund secretary will be donated by some organisations and some costs and insurance premiums are also paid by some employers. In this report, we have not allowed for the value of any subsidies from employers.

Some funds are self-administered and others outsource this function. The vast majority use external fund managers to invest the assets of the fund, although some funds have direct investments.

5.2 Market data

APRA statistics report total stand-alone corporate superannuation assets as $50.27 billion as at 30 June 2014.

However, there are a number of funds that we have re-classified to market segments we believe are more consistent with their characteristics. This year, APRA has redefined their classification of a large number of Corporate funds based on the actual trustee for the fund. However, we have kept our definition constant to reflect the actual nature of the fund. Please refer to Appendix C for the entire list of reclassified funds.

After our re-classifications, there were 74 corporate funds at 30 June 2014 with total assets of $72.25 billion.

As fees vary by size of fund, we have segmented total assets into different size segments (under $50 million, $50 million to $500 million, $500 million to $1 billion, etc.). We show the breakdown of fees for each of these segments.

5.3 Current fee charges

We have expressed the fees incurred by each of the sample funds as a percentage of average fund assets over the year. The asset percentages calculated from the sample data were in line with our expectations, that is, they are inversely proportional to fund size, indicating economies of scale (by size).

We increased these percentages to allow for the cost of investment management. The estimated investment management charges ranged from 0.71% of assets for funds under $50 million to 0.43% for funds over $5 billion.

We adjusted the estimated fee rates in each segment to allow a smooth progression of the fee rate from segment to segment. We then applied these smoothed fee rates to the total of the funds in each segment to determine the total fees incurred by the corporate funds. We estimated fees for these funds through extrapolation from the other segments and our general market knowledge.

The results are given in Table 16.

Table 16. Corporate fund fees

Corporate fund fees – Year to 30 June 2014					
Fund size	**Funds**	**Accounts ('000)**	**Assets ($m)**	**Fee rate[1] (%)**	**Fees ($m)**
Under $50 million	33	1	247	1.17	2
$50 to 500 million	22	48	4,872	0.89	20
$500 million to 1 billion	7	52	5,081	0.80	17
$1 to 2 billion	4	29	7,009	0.72	24
$2 to 5 billion	4	126	15,943	0.64	55
over $5 billion	4	254	39,441	0.58	155
Total	**74**	**511**	**72594**	**0.64**	**274**

[1] Expressed as a percentage (%) of *average* corporate fund assets over the year to 30 June 2014.

The breakdown of fees by function is set out in Table 17.

Table 17. Corporate fund fees (percentage %)

Corporate fund fee rate – Year to 30 June 2014				
Fund size	Operating[1]	Investment management[1]	Advice[1]	Total[1]
	(%)			
under $50 million	0.43	0.71	0.02	1.17
$50 to 500 million	0.27	0.60	0.02	0.89
$500 million to 1 billion	0.23	0.55	0.02	0.80
$1 to 2 billion	0.19	0.51	0.02	0.72
$2 to 5 billion	0.16	0.47	0.02	0.64
over $5 billion	0.13	0.43	0.02	0.58
Total	**0.16**	**0.46**	**0.02**	**0.64**

1 Expressed as a percentage (%) of *average* corporate fund assets over the year to 30 June 2014.

The relatively low overall fee rate of 0.64% is a function of relatively high average member balances, economies of scale and the absence of distribution fees.

The operating fees level off as size of fund increases, partly due to complex benefit design amongst some larger funds. Investment management fees are highly correlated to fund size and the fee rates reduce as assets grow.

The overall fee level of 0.64% is lower than our previous estimate of 0.78% as at 30 June 2013. The 14 bps decrease is due to a decrease in operating fees of 10 bps and a decrease in investment charges of 3 bps and a rounding difference of 1bps.

5.4 Variation by member type

Table 18 contains estimates of the total fees for pre-retirement accounts held in corporate funds. Table 19 provides a breakdown, by function, of the overall fees. Table 21 and Table 22 are the retirement account equivalents to Table 18 and Table 19.

Table 18. Corporate fund fees – pre-retirement accounts

Corporate fund fees – Year to 30 June 2014				
Fund size	Accounts ('000)	Assets ($m)	Fee rate[1] (%)	Fees ($m)
under $50 million	1	155	1.20	2
$50 to 500 million	47	3,707	0.89	32
$500 million to 1 billion	44	4,040	0.80	31
$1 to 2 billion	28	5,047	0.72	34
$2 to 5 billion	123	15,002	0.64	93
over $5 billion	240	35,026	0.58	198
Total	**483**	**62,976**	**0.65**	**391**

1 Expressed as a percentage (%) of *average* pre-retirement corporate fund assets over the year to 30 June 2014.

Table 19. Corporate fund fees (percentage %) – pre-retirement accounts

Corporate fund fee rate – Year to 30 June 2014				
Fund size	Operating[1]	Investment management[1]	Advice[1]	Total[2]
	(%)			
under $50 million	0.45	0.73	0.02	1.20
$50 to 500 million	0.27	0.60	0.02	0.89
$500 million to 1 billion	0.23	0.55	0.02	0.80
$1 to 2 billion	0.19	0.51	0.02	0.72
$2 to 5 billion	0.16	0.47	0.02	0.64
over $5 billion	0.12	0.44	0.02	0.58
Total	**0.16**	**0.47**	**0.02**	**0.65**

1 Expressed as a percentage (%) of *average* pre-retirement corporate fund assets over the year to 30 June 2014.
2 Components may not add due to rounding

Table 20. MySuper vs. Choice fees – Corporate funds

Fee rate	MySuper	Choice
	%	
Operating	0.24	0.12
Investment Management	0.59	0.42
Advice	0.02	0.02
Total	**0.85**	**0.56**

Choice fees are lower when expressed as a percentage of assets relative to fees for MySuper members. This reflects a few factors:

- Choice members are more conservative than MySuper members and have higher allocations to cash and fixed interest investment options
- Average balances for choice members are four times that of MySuper members. Therefore, there are lower fixed dollar costs when expressed as a percentage of assets.

Note that most funds do not differentiate member fees to cover operating costs for MySuper and Choice members.

Table 21. Corporate fund fees – retirement accounts

Corporate fund fees – Year to 30 June 2014				
Fund size	Accounts ('000)	Assets ($m)	Fee rate[1] (%)	Fee ($m)
under $50 million	0[2]	43	1.01	0
$50 to 500 million	1	194	0.81	1
$500 million to 1 billion	1	315	0.74	2
$1 to 2 billion	1	210	0.68	1
$2 to 5 billion	3	941	0.63	4
over $5 billion	14	4,416	0.58	20
Total	**20**	**6,119**	**0.63**	**29**

1 Expressed as a percentage (%) of *average* retirement corporate fund assets over the year to 30 June 2014.
2 There are less than 100 accounts in this category.

Table 22. Corporate fund fees (percentage %) – retirement accounts

Corporate fund fee rate – Year to 30 June 2014				
Fund size	Operating[1]	Investment management[1]	Advice[1]	Total[1]
	(%)			
under $50 million	0.35	0.64	0.02	1.01
$50 to 500 million	0.26	0.53	0.02	0.81
$500 million to 1 billion	0.25	0.48	0.02	0.74
$1 to 2 billion	0.23	0.43	0.02	0.68
$2 to 5 billion	0.22	0.39	0.02	0.63
over $5 billion	0.20	0.35	0.02	0.58
Total	**0.22**	**0.39**	**0.02**	**0.63**

1 Expressed as a percentage (%) of *average* retirement corporate fund assets over the year to 30 June 2014.

Whilst the overall fee rates (as a percentage of assets) for retirement products are similar to those for pre-retirement products, this masks some significant underlying differences:

- Retirement accounts have higher average account balances, so percentage based fees are higher in dollar terms than for pre-retirement accounts.
- Overall fees levied by funds that offer retirement accounts tend to be less than those that do not. This feature is probably related to the tendency for funds that offer retirement accounts to be larger.
- On the other hand, retirement products incur additional costs in paying pensions and the volume of member enquiries is higher which also pushes costs up.

6. Industry funds

6.1 Nature of industry funds

An industry fund is a regulated superannuation fund providing full operating and communication services and a number of insurance and investment options. Most of the larger industry funds have public offer status.

Industry funds have an umbrella trust deed and a trustee that is independent of members and employers. Board members of the trustee company are split between employee representatives and employer representatives, usually being appointed by trade unions and employer associations respectively. Some funds also have one or more independent Board members.

The same member fees apply irrespective of size of employer. An exception is made for a few large tailored company sub-funds where the benefit design is non-standard. For example, some funds allow defined benefit members or different insurance arrangements.

Fees charged are normally expressed as a fixed amount per week – typically $1.00 to $1.50. These fees are not always sufficient to meet the costs of running the funds and, in an increasing number of cases, a levy is also taken out of investment earnings.

Investment management fees are deducted from fund earnings and they vary by investment option, with the more complex/aggressive options incurring higher fees. Typically, for larger funds, investment management fee ratios range from 0.35% for a Capital Stable option to 0.65% of assets for a growth option. A typical MySuper option would attract a fee in the range 0.50% - 0.75% of assets per annum.

Many industry funds declare crediting rates periodically (typically monthly). Less frequent unit pricing/crediting is cheaper than a daily unit-pricing structure, but is subject to more manual processes and can raise equity issues for members entering or leaving the fund or investment option. Costs will rise slightly in this segment as more funds convert to frequent unit-pricing.

6.2 Market fee data

APRA statistics show that there were 42 industry funds at 30 June 2014 with total assets of $375.3 billion. This compares with 52 funds as at 30 June 2013 with assets of $324.7 billion. The number of industry funds in the market is gradually declining (the majority through mergers with large funds).

However, there are a number of funds that we have re-classified to market segments we believe are more consistent with their characteristics. Table 23 contains details of re-classified funds that affect the industry fund segment.

Table 23. Funds re-classified

Fund	Market segment classification		Statistics at 30 June 2014	
	RWA	APRA	Accounts ('000)	Assets ($m)
AV Super	Industry	Public Sector	6.4	1,740.6
Electricity Industry Superannuation Scheme	Industry	Unregulated	3.3	1,054.2
Energy Industries Superannuation Scheme (Pool A & B)	Industry	Public Sector	22.2	4,561.3
Guild Retirement Fund	Industry	Retail	74.4	1,047.9
IRIS Superannuation Fund	Industry	Retail	3.6	561.8
Law Employees Superannuation Fund	Industry	Retail	3.3	86.5
Managed Australian Retirement Fund	Industry	Retail	3.3	40.5
Progress Super Fund	Industry	Retail	1.8	34.4
Quadrant Super	Public Sector	Industry	12.6	788.2
Vicsuper	Industry	Public Sector	240.47	13,471

After re-classifications, there were 51 industry funds at 30 June 2014 with total assets of $398.0 billion.

We have adjusted the estimated fee rates in each segment to allow a smooth progression in the fee rate from segment to segment. We have then applied these smoothed fee rates to the total funds in each segment to determine the total fees incurred by members of industry funds. We made use of the APRA *2014 Superannuation Fund-level Profiles and Financial Performance Statistics* publication to supplement other published material.

6.3 Total industry fund fees

We estimate that fees incurred totalled $3,532 million which equates to 0.97% of assets over the year to 30 June 2014.

Fees vary considerably between funds and are influenced by the number of members, average account balance, number of employers (particularly small employers not using electronic payment of contributions) and performance fees on investment returns.

Industry fund fees by size of fund are shown in Table 24.

Table 24. Industry funds fees[1]

Industry funds fees – Year to 30 June 2014					
Fund size	**Funds**	**Members ('000)**	**Assets ($m)**	**Fee rate[2] (%)**	**Fees ($m)**
under $50 million	2	5	75	1.71	1
$50 to 500 million	7	74	1,052	1.61	16
$500 million to 1 billion	7	151	4,621	1.36	56
$1 to 2 billion	7	490	10,975	1.20	124
$2 to 5 billion	12	1,316	39,117	1.05	377
over $5 billion	16	9,694	342,142	0.92	2,890
Total	**51**	**11,730**	**397,982**	**0.95**	**3,464**

1 Funds have been re-classified from APRA classifications as per Table 23.
2 Expressed as a percentage (%) of *average* industry fund assets over the year to 30 June 2014.

The estimated breakdown of fees by function is shown in Table 25.

Table 25. Industry funds fee rate (%)

Industry funds fee rate – Year to 30 June 2014				
Fund size	**Operating[1]**	**Investment management[1]**	**Advice[1]**	**Total[1]**
	(%)			
under $50 million	0.82	0.85	0.04	1.71
$50 to 500 million	0.77	0.79	0.04	1.61
$500 million to 1 billion	0.58	0.75	0.04	1.36
$1 to 2 billion	0.46	0.70	0.04	1.20
$2 to 5 billion	0.35	0.66	0.04	1.05
over $5 billion	0.27	0.62	0.04	0.92
Total	**0.29**	**0.63**	**0.04**	**0.95**

1 Expressed as a percentage (%) of *average* industry fund assets over the year to 30 June 2014.

The overall fee level of 0.97% is lower than our previous estimate of 1.07% as at 30 June 2013. The 10 bps decrease is due to decreased operating fees of 11 bps offset by a 1bps increase in investment management fees.

The decrease in the total fee rate is driven by higher average account balances, where fixed dollar operating costs have a lower unit impact.

MySuper has also seen pressure on smaller funds to consolidate and for larger funds to keep fees low.

The average fee rate, when expressed as a percentage of assets, is higher than the average fee rates for corporate funds and very large corporate super master trusts. This reflects the lower average member balances within industry funds.

Industry funds tend to provide general advice to members in bulk and offer some limited personal advice as an additional service. Members taking up this service pay for it in different ways. In some cases, the initial advice is provided free (that is, borne by the fund out of its overall fees); in others members are charged a fee by the fund or adviser which may or may not be deducted from fund assets.

6.4 Variation by Member type

Fees charged by industry funds vary considerably by member type. Members can broadly be broken into:

- Accumulation (pre-retirement) which consists of:
  - MySuper members (those who have not made an investment decision)
  - Choice members (those have have actively selected their investment option)
- Retirement members (who have all made an active decision to invest in the retirement product.

Table 26 contains estimates of the total fees for pre-retirement accounts held in industry funds. Table 27 provides a breakdown of overall fees by function. Table 28 and Table 30 are the retirement account equivalents to Table 26 and Table 27.

Table 26. Industry fund fees – pre-retirement accounts

Industry fund fees – Year to 30 June 2014				
Fund size	Accounts ('000)	Assets ($m)	Fee rate[1] (%)	Fees ($m)
under $50 million	5	68	2.02	1
$50 to 500 million	74	1,005	1.63	15
$500 million to 1 billion	146	4,032	1.40	49
$1 to 2 billion	488	10,726	1.21	121
$2 to 5 billion	1,303	37,432	1.06	357
over $5 billion	9,591	329,136	0.93	2,736
Total	**11,607**	**382,400**	**0.96**	**3,279**

1 Expressed as a % of *average* Pre-retirement Industry Fund assets over the year to 30 June 2014.

Table 27. Industry fund fees (%) – pre-retirement accounts

Industry fund fees rate – Year to 30 June 2014				
Fund size	Operating	Investment management[1]	Adviser[1]	Total[1]
	(%)			
under $50 million	1.16	0.82	0.04	2.02
$50 to 500 million	0.79	0.80	0.04	1.63
$500 million to 1 billion	0.61	0.75	0.04	1.40
$1 to 2 billion	0.47	0.70	0.04	1.21
$2 to 5 billion	0.36	0.66	0.04	1.06
over $5 billion	0.27	0.62	0.04	0.93
Total	**0.29**	**0.63**	**0.04**	**0.96**

[1] Expressed as a % of *average* Pre-retirement Industry Fund assets over the year to 30 June 2014.

Table 28. MySuper vs. Choice fees – Industry funds

Fee rate	MySuper	Choice
	%	
Operating	0.38	0.12
Investment Management	0.71	0.48
Advice	0.04	0.04
Total	**1.13**	**0.64**

Choice fees are lower when expressed as a percentage of assets relative to fees for MySuper members. This reflects a few factors:

- Choice members are more conservative than MySuper members and have higher allocations to cash and fixed interest investment options
- Average balances for choice members are four times that of MySuper members, which means there are lower fixed dollar costs when expressed as a percentage of assets.

Note that most funds do not differentiate member fees to cover operating costs for MySuper and Choice members.

Table 29. Industry fund fees – retirement accounts

Industry fund fees – Year to 30 June 2014				
Fund size	Accounts ('000)	Assets ($m)	Fees rate[1] (%)	Fees ($m)
under $50 million	352	7	1.11	0.3
$50 to 500 million	42.	47	1.04	0.8
$500 million to 1 billion	4,712	589	0.99	6.9
$1 to 2 billion	1,970	249	0.94	3.1
$2 to 5 billion	13,308	1,684	0.90	19.7
over $5 billion	102,766	13,006	0.87	154.1
Total	**123,531**	**15,582**	**0.88**	**184.9**

1 Expressed as a percentage (%) of *average* retirement Industry Fund assets over the year to 30 June 2014.

Table 30. Industry fund fee (percentage %) – retirement accounts

Industry fund fee rate – Year to 30 June 2014				
Fund size	Operating[1]	Investment management[1]	Advice[1]	Total[1]
	(%)			
under $50 million	0.17	0.90	0.04	1.11
$50 to 500 million	0.32	0.69	0.04	1.04
$500 million to 1 billion	0.25	0.69	0.04	0.99
$1 to 2 billion	0.20	0.70	0.04	0.94
$2 to 5 billion	0.16	0.70	0.04	0.90
over $5 billion	0.12	0.71	0.04	0.87
Total	**0.14**	**0.71**	**0.04**	**0.88**

1 Expressed as a percentage (%) of *average* retirement Industry Fund assets over the year to 30 June 2014.

The factors that contribute to the relatively lower fees (as a percentage of assets) levied on retirement accounts include:

- Retirement accounts have higher average account balances.
- Overall fees levied by funds with retirement accounts tend to be cheaper than those that do not. This feature is probably related to the tendency for funds that offer retirement accounts to be larger.

On the other hand, retirement products incur additional costs in paying pensions and the volume of member enquiries is higher which also pushes up costs.

7. Public sector funds

7.1 Nature of public sector funds

Public sector funds are funds operated for the benefit of the employees of Government departments and agencies. There is a strong trend away from defined benefit plans, many unfunded, to defined contribution plans, particularly for new employees.

Most funds are open for public sector employees only. As a result, management of some aspects of these funds is relatively simple (e.g. they do not have to contend with multiple pay centres) and the corresponding fees are therefore low. However, this is starting to change with some large funds moving to public offer status.

Further, some funds have complicated benefit designs and that leads to higher costs.

7.2 Market data

APRA's statistics indicate that there were 18 public sector funds as at 30 June 2014 with assets of $186.8 billion. However, there are a number of funds that we have re-classified to market segments we believe are more consistent with their characteristics. Table 31 contains details of re-classified funds that affect the public sector funds segment.

Table 31. Funds re-classified

Fund	Market segment classification		Statistics at 30 June 2014	
	RWA	APRA	Accounts ('000)	Assets ($m)
Australia Post Superannuation Scheme	Corporate	Public Sector	41.79	7,151
AvSuper Fund	Industry	Public Sector	6.42	1,741
Crown Employees (NSW Fire Brigades Firefighting Staff Death & Disability) Superannuation Fund	Corporate	Public Sector	6.49	1
Energy Industries Superannuation Scheme	Industry	Public Sector	22.24	4,561
ESSS	Public Sector	Unregulated	141.00	22,084
GESB	Public Sector	Unregulated	329.73	19,019
Northern Territory Superannuation Office	Public Sector	Unregulated	8.14	1,028
Quadrant Superannuation Scheme	Public Sector	Industry	12.59	788
RBF TAS Accumulation Scheme	Public Sector	Unregulated	9.00	1,805
RBF TAS Defined Benefit	Public Sector	Unregulated	69.84	3,163
State Super (SAS Trustee Corporation)	Public Sector	Unregulated	46.06	40,676
Super SA	Public Sector	Unregulated	208.79	16,577
Victorian Superannuation Fund	Industry	Public Sector	240.47	13,471

After re-classifications there were 22 public sector funds at 30 June 2014 with total assets of $265.0 billion.

7.3 Current fees

The overall total fee rate was 0.80% for the year to 30 June 2014. This is 4 bps higher than the fee rate in our previous report due to a 7 bps increase in investment fees and a 3 bps fall in operating fees. We estimate that total fees for the sector were $1,991 million.

Table 32. Public sector funds fees

Public sector funds fees – Year to 30 June 2014				
	Accounts[1] ('000)	Assets[1] ($m)	Fee rate[2] (%)	Fees ($m)
Total public sector	3,250	287,455	0.80	1,991

1 We have re-classified a number of funds, refer to Table 31.
2 Expressed as a percentage (%) of *average* public sector fund assets over the year to 30 June 2014.

A breakdown of fees by function is set out in Table 33.

Table 33. Public sector funds fee rate (percentage %)

Public sector funds fee rate[1] (%) – Year to 30 June 2014				
	Operating	Investment management	Advice	Total
Total public sector	0.17	0.59	0.04	0.80

1 Expressed as a percentage (%) of *average* public sector fund assets over the year to 30 June 2014.

Note that public sector funds have similar structures for providing financial advice to members as industry funds.

7.4 Fee charges pre-retirement and retirement

Table 34 contains estimates of the different fee rates charged to public sector pre-retirement and retirement accounts respectively. A breakdown of estimated fees by function for pre-retirement and retirement accounts is set out in Table 35.

Table 34. Public sector funds fee – pre-retirement and retirement

Public sector funds fees – Year to 30 June 2014				
	Accounts[1] ('000)	Assets[1] ($m)	Fee rate[2] (%)	Fees ($m)
Pre-retirement Only	2,969	221,565	0.75	1,457
Retirement Only	281	65,890	0.98	534
Total public sector	**3,250**	**287,455**	**0.80**	**1,991**

1 We have re-classified a number of funds, refer to Table 31.
2 Expressed as a percentage (%) of *average* public sector fund assets over the year to 30 June 2014.

Table 35. Public sector funds fees rate (percentage %) - pre-retirement and retirement

Public sector funds fees rate[1] (%) – Year to 30 June 2014				
	Operating	Investment management	Advice	Total[2]
Pre-retirement Only	0.16	0.55	0.04	0.75
Retirement Only	0.20	0.73	0.04	0.98
Total public sector	**0.17**	**0.59**	**0.04**	**0.80**

1 Expressed as a percentage (%) of *average* public sector fund assets over the year to 30 June 2014.
2 Fee components may not add up to the total due to rounding.

The factors that contribute to the relatively lower fees (as a percentage of assets) levied on retirement accounts include:

- Retirement accounts have higher average account balances.
- Overall fees levied by funds that offer retirement accounts tend to be cheaper than those that do not. This feature is probably related to funds that offer retirement accounts being larger.

On the other hand, retirement products incur additional costs in paying pensions and the volume of member enquiries is higher which also pushes up costs.

Table 36. MySuper vs. Choice fees – Public Sector funds

Fee rate	MySuper	Choice
	%	
Operating	0.22	0.16
Investment Management	0.49	0.58
Advice	0.04	0.04
Total	**0.75**	**0.78**

Choice fees in the public sector are higher when expressed as a percentage of assets relative to fees for MySuper members. This reflects the fact that many Public Sector funds do not offer a MySuper (indeed, many funds are not subject to regulation by APRA at all). The funds that do not offer a MySuper tend to charge fees which are moderately higher fees than those offering MySuper, however the difference is not significant.

Within a fund that offers a MySuper, Choice members are likely to actually pay less as a percentage of assets given that.

- Choice members are more conservative than MySuper members and have higher allocations to cash and fixed interest investment options
- Average balances for choice members are four times that of MySuper members, this reduced fixed dollar costs when expressed as a percentage of assets.

Note that most funds do not differentiate member fees to cover operating costs for MySuper and Choice members.

8. Small funds

8.1 Nature of small funds

There are two distinct product offerings in this segment, namely:

- Small APRA Funds (SAFs) are run by an Approved Trustee service and are regulated by APRA. This segment was once 10% of the DIY market, but is now less than 1% and shrinking.
- The majority of funds have members as trustees and are regulated by the ATO. These funds are commonly known as Self-Managed Superannuation Funds, or SMSFs. Each member must be a trustee or a director of the trustee. Funds can have no more than four members and the typical fund has two.

8.2 Market statistics

At 30 June 2013, there were 534,176 SMSFs regulated by the ATO with $557.0 billion of assets.

There were only 2,420 SAFs with $2.1 billion of assets.

8.2.1 Asset allocation

The ATO has issued detailed asset figures as at 30 June 2014. The assets of funds at that date were invested as shown in Table 36.

Table 37. Asset allocation

Asset allocation	$m	%
Listed trusts	20,700	3.7%
Unlisted trusts	48,888	8.8%
Insurance policy	200	0.0%
Other managed investments	25,587	4.6%
Cash and term deposits	157,856	28.3%
Debt securities	5,043	0.9%
Loans	3,358	0.6%
Listed shares	177,617	31.9%
Unlisted shares	5,863	1.1%
Derivatives and instalment warrants	8,735	1.6%
Non-residential real property	64,953	11.7%
Residential real property	19,548	3.5%
Artwork, collectibles, metal or jewels	458	0.1%
Overseas shares	2,282	0.4%
Overseas non-residential real property	119	0.0%

Asset allocation	$m	%
Overseas residential real property	211	0.0%
Overseas managed investments	437	0.1%
Other overseas investments	2329	0.4%
Other assets	12,865	2.3%
Total assets	**557,049**	**100**

Cash continues to represent a significant component of small fund assets, a reflection of the significant number of assets controlled by those currently retired or approaching retirement and their investment objective of preserving capital. Equity holdings, both listed and unlisted, continue to grow steadily however show a particularly strong 'home bias', with international holdings representing just a small fraction of the overall equity picture. We expect that additional international equity is held through other managed investments and trusts; however this still shows a clear tendency towards Australian equity markets. Residential property investment, despite ongoing media attention, has remained steady at 3.5% of total assets.

An interesting trend has been the significant growth in the holdings of derivatives and instalment warrants, more than tripling in size year since 2013.

8.2.2 Membership

The ATO also shows membership by age at 30 June 2014. Over half of all members are over 55 and approximately 25% of all members are at or above Age Pension age (currently 67 for males).

Table 38. Membership

Age ranges	Male (52.8%)	Female (47.2%)	Total (100%)
<25	1.30	1.30	1.30
25-34	4.10	4.10	4.10
35-44	12.00	13.90	12.90
45-54	22.80	25.30	24.00
55-64	31.40	32.90	32.10
64>	28.50	22.50	25.70

8.2.3 Fund size

ATO figures for the financial year to 30 June 2014 show that the percentage of those with account balances of less than $200,000 is 22.3% which is lower relative to our previous report (23.3%).

The proportion of funds with assets greater than $1 million has increased marginally to 29.7% in 2012/2013.

Table 39. Fund size

Asset range	2010-11	2011-12	2012-13
	(%)		
$0 - $50,000	7.10	7.20	6.70
$50,000-$100,000	5.80	5.90	5.10
$100,000-$200,000	11.40	11.50	10.50
$200,000-$500,000	25.20	25.50	24.70
$500,000-$1m	22.70	22.90	23.40
$1m-$2m	16.80	16.50	17.60
$2m-$5m	9.00	8.80	9.90
$5m-$10m	1.60	1.50	1.80
> $10m	0.30	0.30	0.40
Total	**100**	**100**	**100**

8.2.4 Pre-retirement and retirement assets and accounts

Using the ATO statistics and our own knowledge of the small funds sector, we have broken the assets and accounts into pre-retirement and retirement components. Our estimates are set out in Table 40.

Table 40. Small funds pre-retirement and retirement assets and accounts

Small funds	Funds ('000)	Accounts ('000)	Assets ($m)
Pre-retirement	375.6	708.2	242,930
Retirement	161.0	303.5	316,870
Total small funds	**536.6**	**1011.7**	**559,800**

Retirement funds comprise over half of the total Small Funds assets, but make up only a little under a third of accounts. Newly formed SMSFs today are much smaller than those created prior to 2006 when people could transfer all of their assets into superannuation tax free.

8.3 Fees

The SMSF segment is highly fragmented with a number of specialist administrators and many self-administered portfolios. As with other segments, costs fall into three categories; operating, investment and advice costs.

8.3.1 Operating costs

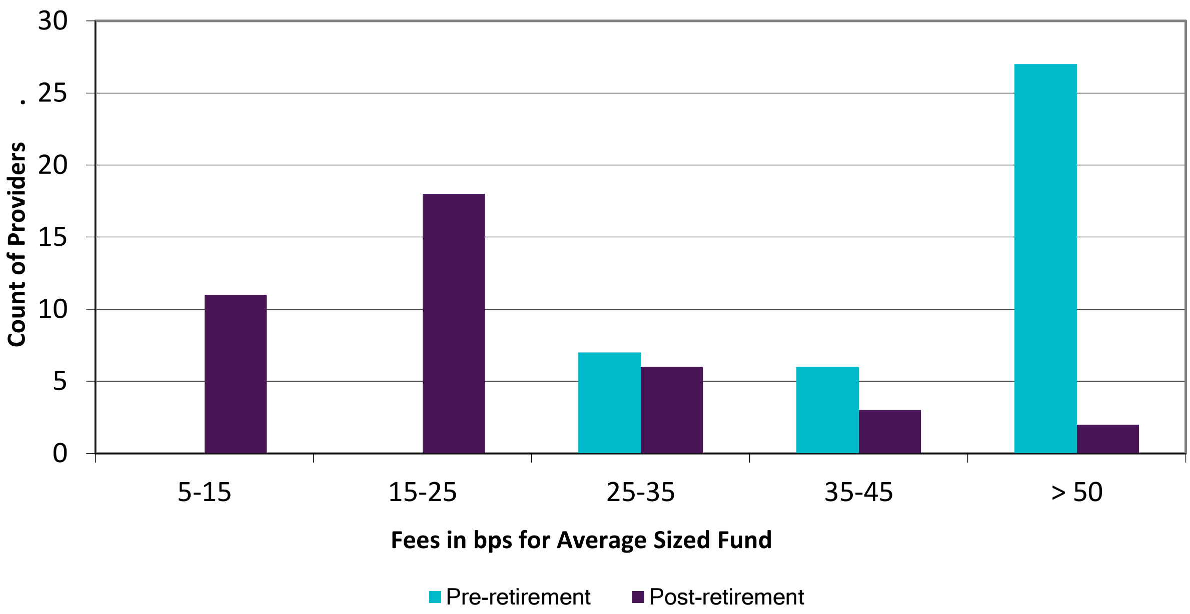
The operators of small funds usually have services provided by an accountant. Accounting firms usually have a charge of $1,500 to $3,000 for the combined accounting/audit function. Where a specialist administrator is used, the separate audit fee is typically $400 to $600. However, the overall fees are similar. This fee does not vary by size of fund.

Where an accountant is the sole service provider, fees are typically around $1,600 per year. This includes the cost of audit, tax lodgement and annual review. There are other costs such as updating trust deeds, ATO levy and bank charges. Together these average about $400 per fund a year. A further $300 per year, on average, is charged for funds in the pension phase.

Graph 5 shows the range of fees for an average sized SMSF (approximately $375,000 and $840,000 for a pre-retirement and retirement SMSF respectively) based on the fees charged by 41 key providers of SMSF operating services. Key features of the graph include:

- The level of fees charged for SMSF operating can vary significantly between providers (despite the provision of similar services).
- A handful of providers charge operating fees as a percentage of assets. The asset-based fees are usually tiered and generally result in overall operating fees of greater than 50 bps for an average sized SMSF.
- Total operating fees (when expressed as a percentage of assets) for retirement funds are lower than for pre-retirement funds. This is because fixed dollar operating costs are spread over a greater asset base.

Graph 5. Selected SMSF operating fees for an average sized SMSF



We estimate that the total fees for SMSFs in the pre-retirement phase averages $2,000 per fund, while retirement fund fees are $2,300 per fund. This results in total operating costs of $1,085 million for SMSFs, with $726 million of the total attributable to pre-retirement SMSFs and the remaining $358 million attributable to retirement SMSFs.

We estimate costs per SAF is $5,000. As for SMSFs, an additional $300 per fund per year is generally charged for SAFs in the pension phase. This results in total operating fees of $13.7 million for SAFs, with those in the pre-retirement phase accounting for $9.4 million and those in the retirement phase for the $4.3 million balance.

As SAFs form only a small part of the small funds segment, the decrease in estimated operating costs per fund does not have a significant impact on the overall total fee rate for small funds.

This brings the total operating costs for Small Funds to $1,098.6 million. This is equivalent to 0.21% of average small fund assets over the year to 30 June 2014.

8.3.2 Investment fees

To determine investment fees, we have assumed that individuals largely manage the direct investments themselves, making no charge on the funds. We note that investment fees for pre-retirement funds and retirement funds are similar. The estimated costs by asset class for ATO regulated funds ($557 billion) are given in Table 41. Note that the costs for Listed shares and Direct property have been revised since 2013 to reflect a more accurate estimate of fees for these asset classes. This has also been revised when referencing any 2013 numbers in this report.

Table 41. Estimated investment costs

Estimated investment costs			
Asset class	**Investment fees and transaction costs (%)**	**Asset distribution (%)**	**Investment costs ($ million)**
Managed investments	0.70	16.9%	624
Fixed interest securities and cash	1.00	30.2%	1,590
Listed shares	0.05	34.2%	90
Direct property	1.50	15.1%	1,191
Other	0.50	3.5%	93
Total	**0.68**	**100.0**	**3,587**

Most SMSF entities use a retail cash management trust for their bank account. The implicit fee on this is about 1% p.a. Other cash is held in term deposits which have an implicit fee of, arguably, at least 1% p.a. of the deposit. We have not observed any significant increases in these fees since our previous report. We note that this type of fee is outside APRA/ASIC definitions of fees in MySuper.

Managed investments are generally held through an investment platform. Investment fees are typically in the order of 0.70% p.a. of assets and remained stable since our last report.

To determine investment fees for the other asset classes, we have relied on discussions with service providers as to the broad breakdown of investments, and our other experience of the fees associated with the management of those investments.

The small APRA funds are more likely to invest in managed funds that attract an asset-based fee on all investments. We estimate the average investment fee to be 0.90% of assets over the year, or $18.5 million.

The total investment fees for this segment are therefore $3,587 million per annum for total assets of $557.0 billion, or 0.68% of average assets over the year to 30 June 2014.

8.3.3 Advice costs

Where services are supplied through an investment adviser, there are added advisory services relating to retirement planning, investment strategy and technical matters.

There has been no indication of any significant change in the cost and delivery of advice to small funds. Accordingly we have retained our estimate of advice fees for this segment, which were based on the views of various suppliers of services to self-managed funds. Our estimate assumes that financial planners/advisers are involved in about 30% of the market and that the fee for this additional service (advice) is, on average, 0.50% of assets. We do not consider there to be a material difference in the overall fee for providing advice (when expressed as a percentage of assets) between pre-retirement and retirement funds.

Total fees for advice are therefore 0.15% of assets, or $800.3 million over the year to 30 June 2014.

8.4 Summary of small fund fees

Aggregating our estimates of investment management fees, operating fees and advice fees, we estimate that small funds paid total fees of 1.04% of average assets, which amounted to $5,504 million over the year to 30 June 2014.

Table 42. Small funds fee summary

Small funds fee summary – Year to 30 June 2014					
	Funds ('000)	Accounts ('000)	Assets ($m)	Fee rate[1] (%)	Fees ($m)
Pre-retirement	375,617	708,180	242,930	1.16	2,648
Retirement	160,979	303,506	316,870	0.96	2,856
Total Small Funds	**536,596**	**1,011,686**	**559,800**	**1.04**	**5,504**

1 Expressed as a percentage (%) of *average* SMSF assets over the year to 30 June 2014.

The estimated breakdown of fees by function is shown in Table 43.

Table 43. Small funds fee rate (percentage %)

Small funds fee rate[1] (%) – Year to 30 June 2014				
	Operating	Investment management	Advice	Total
Pre-retirement	0.33	0.68	0.15	1.16
Retirement	0.12	0.68	0.15	0.96
Total Small Funds	**0.21**	**0.68**	**0.15**	**1.04**

1 Expressed as a percentage (%) of *average* SMSF assets over the year to 30 June 2014.

The total fee rate of 1.04% for small funds represents a decrease of 8 bps from our 2013 estimate of 1.12%. The decrease is mainly due a reduction in administration costs and higher account balances compared to the previous year which resulted in a 5 bps reduction in the fee rate attributable to operating costs, in addition to a 3 bps fall in investment costs (due to changes in asset allocation).

9. Corporate super master trusts

9.1 Nature of corporate super master trusts

A retail corporate super master trust is a public-offer, regulated superannuation fund providing full operating and communication services, and a number of insurance and investment options. Many managers of the trusts are owned by the major banks and other financial services groups.

The master trust has the facility to accept contributions from any employer and cater for the needs of a typical employer-sponsored plan. The funds have an umbrella trust deed and a trustee that is independent of members and employers – trustee directors are appointed by the fund sponsor.

The products often include facilities for personal superannuation business, non-superannuation investments (via a separate, non-superannuation master trust or direct ownership) and retirement products such as account-based pensions. Some products have defined benefit categories.

Competition in the market is strongest in this segment and, as a result, the level of member services and product features in this segment is more comprehensive than in any other segment. A few large industry funds also compete for complex employer sub-plans. However, this is a relatively small component for industry funds.

9.2 Market data

Corporate super master trust superannuation can be divided into two broad segments.

Where the assets of the corporate sub-plan are less than $5 million, the services of an investment adviser or financial planner are generally used (or the employer may deal directly with the master trust, particularly if the product is owned by a bank). The fee scale published in the Product Disclosure Statement (PDS) of the master trust will generally apply, although initial fees will vary according to the time taken to set up the plan.

Where the assets exceed $5 million, the employer generally uses the services of a professional adviser to select the master trust. The trust is selected after a tender and the fee scale is substantially less than the PDS scale. The professional adviser is rewarded by a fee for actual service rather than by a commission based on the value of business. This is not an economic option for smaller funds as the cost of employing a fee-based consultant would be prohibitive.

These products are effectively wholesale for business over $5 million, though they are included in the retail segment by APRA as it categorises all business from commercial operators as 'retail'. The advent of MySuper has changed the way employers select a master trust. Standard MySuper pricing may be discounted for large employers by a product provider and insurance may be tailored for particular employers. However, the default investment strategy must be the same for all members in the same MySuper product. Some larger employers have opted for a tailored MySuper product so that they can tailor the investments themselves. To date, APRA has authorised 13 tailored MySuper products.

We have determined the market fees by reference to a survey of the fees charged by master trust providers operating in this market for a range of plan sizes. We have supplemented this data with our own experience of the fee levels charged by master trusts in outsourcing tenders over the period.

We have calculated the fee rates separately for each sub-segment.

9.3 Current fee charges

The results of our calculations are shown in Table 44. The distribution of assets between the plan size segments is based on the survey of master trusts supplemented by our market knowledge. The total amount of the assets for the sector has also been obtained from our analysis of various reports.

Table 44. Corporate super master trust fees

Corporate super master trust fees – Year to 30 June 2014				
Plan category	**Employer plan size**	**Assets ($m)**	**Fee rate[1] (%)**	**Fees ($m)**
Large	>$50 m	55,742	0.65	346
	$20m - $50m	9,044	1.17	101
	$10m - $20m	6,567	1.27	80
	$5m - $10m	11,420	1.39	152
	Sub-total	**82,773**	**0.86**	**679**
Medium	$2m - $5m	8,785	1.38	116
	Sub-total	**8,785**	**1.38**	**116**
Small	$1m - $2m	13,096	1.40	176
	< $1 m	22,689	1.61	351
	Sub-total	**35,785**	**1.54**	**527**
Total		**127,343**	**1.08**	**1,322**

1 Expressed as a percentage (%) of *average* corporate super master trust assets over the year to 30 June 2014.

The fees of $1,322 million represent 1.08% of the average assets for the year to 30 June 2014. However, the average fee for larger funds (with assets more than $5 million) is only 0.86% of assets. This average fee rate for the large employer plans is comparable with the average fee rate of corporate funds.

Our estimate of corporate super master trust fees at 30 June 2013 was higher at 1.12%. The reduction in the fee rate during the year to 30 June 2014 was primarily due to a lower rate of administration and advice fees.

We estimate that total fees varied by function as set out in Table 45.

Table 45. Corporate super master trust fee rate (percentage %)

Corporate super master trust fee rate[1] (%) – Year to 30 June 2014				
Employer plan size	Operating	Investment management	Adviser	Total
>50 m	0.17	0.48	0.00	0.65
20m - 50m	0.40	0.68	0.09	1.17
10m - 20m	0.52	0.66	0.09	1.27
5m - 10m	0.55	0.64	0.19	1.39
2m - 5m	0.66	0.62	0.10	1.38
1m - 2m	0.69	0.60	0.11	1.40
< 1 m	0.84	0.66	0.11	1.61
Total	**0.45**	**0.57**	**0.07**	**1.08**

1 Expressed as a percentage (%) of *average* corporate super master trust assets over the year to 30 June 2014.

We separate these into large (employer plan size greater than $5 million), medium (between $2 million and $5 million) and small (less than $2 million) as shown in Table 46.

Table 46. Corporate super master trust fee rate (percentage %)

Corporate super master trust fee rate[1] (%) – Year to 30 June 2014				
Employer plan size	Operating	Investment management	Adviser	Total
Large (Employer sub-funds over $5m)	0.28	0.53	0.04	0.86
Medium (Employer sub-funds between $2m and $5m)	0.66	0.62	0.10	1.38
Small (Employer sub-funds under $2m)	0.79	0.64	0.11	1.54
Total	**0.45**	**0.57**	**0.07**	**1.08**

1 Expressed as a percentage (%) of *average* corporate super master trust assets over the year to 30 June 2014.

9.4 Cost of legacy products

Charges in legacy products will tend be higher than those for contemporary products currently on sale. However, legacy products comprise only a small part of the corporate super master trust business; we estimate around 20% of corporate super master trust assets are held in legacy products (based on FSC fee surveys and our knowledge of the segment).

Total fees for corporate super master trust products, driven by fierce competition, have reduced substantially since 2002, from 2.10% to 1.08% in 2014. We would expect that since 2002, current fee levels in relation to legacy products will have declined at a much slower rate than contemporary products. We estimate that these legacy products now have average fees of approximately 1.94%, whilst the contemporary products have average fees around 0.83%. Refer to Section 4.5 (Cost of legacy products) for further commentary.

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10. Personal superannuation

10.1 Nature of personal superannuation products

Personal superannuation products are offered by public offer superannuation funds which invest the whole of their funds into life company superannuation policies or pooled superannuation (unit) trusts (PSTs) and master trusts. They include full operating and communication services, and a number of insurance and investment options.

They accept contributions (single or regular) in respect of individuals. There are multiple types of members within the personal superannuation sector including:

- directly marketed personal superannuation usually by banks
- exited members from employer divisions of corporate master trusts (who are transferred into a personal sub-plan on leaving the service of their employer)
- self-employed persons
- adviser sold business on investment platforms
- legacy business.

10.2 Market data

There is a wide group of products ranging from conventional life insurance contracts (traditional and investment account, now closed to new business) through to savings plans, managed funds and superannuation wrap products. The cost structures vary considerably. We have based our analysis on a survey of the actual fees charged by a number of personal superannuation master trusts.

10.3 Adviser services

Many individuals with personal superannuation use the services of a professional financial adviser. This segment is expected to fall with the advent of directly marketed personal superannuation products by the banks.

The cost of these services is mainly incorporated in the product charges. However, in some cases the financial adviser may negotiate with their clients an annual fee for advice.

10.4 Current fee charges

The estimated total fee rate over the year, including the cost of advice, is 1.64%. The breakdown by size of account is shown in Table 47.

Table 47. Personal super fees

Personal super fees – Year to 30 June 2014			
Account balance	Assets ($m)	Fee rate[1] (%)	Fees ($m)
>$1 million	5,811	1.08	55
$500,000 - $1 million	9,870	1.16	105
$250,000 - $500,000	23,030	1.31	283
$100,000 - $250,000	52,563	1.48	724
$50,000 - $100,000	44,883	1.53	659
$25,000 - $50,000	34,919	1.71	567
<$25,000	35,560	2.38	808
Total	**206,636**	**1.64**	**3,201**

1 Expressed as a percentage (%) of *average* personal super assets over the year to 30 June 2014.

Our estimates of the fees by function are shown in Table 48.

Table 48. Personal super fee rate (percentage %)

Personal super fee rate[1] (%) – Year to 30 June 2014				
Account balance	Operating	Investment management	Adviser	Total
>$1 million	0.37	0.47	0.24	1.08
$500,000 - $1 million	0.45	0.48	0.24	1.16
$250,000 - $500,000	0.52	0.48	0.31	1.31
$100,000 - $250,000	0.70	0.49	0.30	1.48
$50,000 - $100,000	0.75	0.49	0.29	1.53
$25,000 - $50,000	0.93	0.50	0.29	1.71
<$25,000	1.61	0.50	0.26	2.38
Total	**0.87**	**0.49**	**0.29**	**1.64**

1 Expressed as a percentage (%) of *average* personal super assets over the year to 30 June 2014.

The overall fee rate of 1.64% represents a total decrease of 9 bps from the 2013 estimate of 1.73%. A 4 bps decrease in investment management and a 7 bps decrease in advice costs offset by a 3bps increase in operating fees contribute to the total 9 bps decrease.

The changes in fees are a result of:

- a shift in the sector to lower cost products without an component for financial advice, often sold in bank branches.
- a shift from active to indexed investments
- consolidation of funds leading to higher investment mandates
- greater awareness of advice fees now that they are explicit leading many members to negotiate reduced advice fee levels.

10.5 Legacy products fee charges

Charges in legacy products are higher than those for contemporary products. However, these now represent a small part of the total personal superannuation business; we estimate around 30% of personal superannuation assets are held in legacy products (based on previous FSC fees surveys and our knowledge of the segment).

As already noted in Section 4.5 (Cost of legacy products), total fees for personal superannuation products have reduced substantially over the past few years, from 2.23% in 2002 to 1.64% in 2014. We would expect that fee levels in relation to legacy products will be relatively unchanged since our 2002 report, experiencing only slight decline. We estimate that the fees for these legacy products have fallen to approximately 1.95%, compared to contemporary personal superannuation products at approximately 1.51%.

11. Retail retirement income products

11.1 Nature of retirement income products

Retirement products cover a range of individual, retail, regulated products. They provide full operating, communication services and a number of investment options.

They do not accept regular contributions, being designed to convert a lump sum amount at retirement into a regular income stream. Products include guaranteed lifetime and term certain annuities, and account based pensions.

11.2 Market data

Account based pensions/annuities account for 92.47% of the assets of the segment, and guaranteed annuities (i.e. term certain and lifetime annuities) for the other 7.53% (1.13% lower than the percentage in our previous report). Annual charges for account based pensions are slightly lower than charges for personal superannuation due to the economies of scale gained from the much larger average balances. These outweigh the additional operating costs associated with paying pensions and the higher utilisation of services such as the call centre by pension members.

We estimate that the average charge for account based pensions equates to 1.58% of assets.

Fees for guaranteed annuities are embedded in their pricing. As such there is no explicit charge. However, we estimate an implicit charge of approximately 2.00% of assets based on our knowledge of the market. This fee includes the cost of the guarantee provided and is the same as our previous estimate for the year to 30 June 2013.

11.3 Current fee charges

Based on the previous section and our sub-division of the APRA data, we estimate that retirement income members were charged $2,400 million in the year to 30 June 2014. This is equivalent to 1.61% of average retail retirement income assets over the year to 30 June 2014.

Table 49. Retail retirement income product fees

Retail retirement income product fees[1] – Year to 30 June 2014			
Account based pensions Account Balance	Assets ($m)	Fee rate[1] (%)	Fees ($m)
>$1 million	5,091	1.18	56
$500,000 - $1 million	17,220	1.27	206
$250,000 - $500,000	30,397	1.39	396
$100,000 - $250,000	41,364	1.53	593
$50,000 - $100,000	24,371	1.69	388
$25,000 - $50,000	15,998	1.89	284
<$25,000	12,252	2.16	249
Total Account based Pensions/Annuities	**146,693**	**1.58**	**2,161**
Guaranteed Annuities	**11,939**	**2.00**	**239**
Total Retail Retirement Income	**158,632**	**1.61**	**2,400**

1 Expressed as a percentage (%) of *average* retail retirement income assets over the year to 30 June 2014.

The breakdown of the overall fee rates by function is set out in Table 50.

Table 50. Retail retirement income product fee rate (%) – Year to 30 June 2014

Retail retirement income product fee rate[1] (%) – Year to 30 June 2014				
Account balance	Operating	Investment management	Adviser	Total
>$1 million	0.44	0.43	0.31	1.18
$500,000 - $1 million	0.51	0.42	0.34	1.27
$250,000 - $500,000	0.60	0.40	0.38	1.39
$100,000 - $250,000	0.71	0.39	0.43	1.53
$50,000 - $100,000	0.84	0.38	0.48	1.69
$25,000 - $50,000	0.99	0.36	0.54	1.89
<$25,000	1.19	0.35	0.62	2.16
Total Account based Pensions	**0.75**	**0.39**	**0.44**	**1.58**
Total Guaranteed Annuities	**1.25**	**0.50**	**0.25**	**2.00**
Total Retail Retirement Income	**0.78**	**0.40**	**0.43**	**1.61**

1 Expressed as a percentage (%) of *average* account based pension assets over the year to 30 June 2014.

The total fee rate of 1.61% is lower than our previous estimate of 1.74% for the year to 30 June 2013. The overall reduction in the total fee rate of 13 basis points is a function of:

- increased operating fees of 23 bps
- decreased investment management costs of 22 bps
- decreased adviser fees of 4 bps.

11.4 Comparison to other retirement income products

Table 51 contains our estimate of the fee rates by function for each segment with retirement income products. The table shows that:

- The total fee rates for retail retirement income products are greater than the other segments by between 0.64% and 0.88% (this is lower than the margin that we estimated in our previous report).
- Retail retirement income products are dearer for all functions. This largely reflects the difference in distribution channels used and the broader range of product options available in the retail segment. Annuities are also classified as retail products.

Table 51. Comparison of retirement income products fee rates – Year to 30 June 2014

Segment	Operating	Investment management	Adviser	Total
Corporate	0.16	0.46	0.02	0.64
Industry	0.14	0.71	0.04	0.88
Public Sector	0.17	0.59	0.04	0.80
Retail	0.75	0.39	0.44	1.58
Small Funds	0.12	0.52	0.15	0.80

11.5 Cost of legacy products

Charges in legacy products are higher than those for contemporary products currently on sale. However, legacy products comprise only a small part of the retail retirement income segment; we estimate around 18% of retail retirement income assets are held in legacy products (based on previous FSC fees surveys and our knowledge of the segment).

Since 2002, the total fees for retail retirement income products have reduced significantly, from 2.02% to 1.61% in 2014. We would expect that current fee levels in relation to legacy retirement products would be similar to those stated in 2002. Therefore, we estimate that the average overall fee rate for contemporary retail retirement income products is approximately 1.52% compared to 2.02% for their legacy counterparts. Refer to Section 4.5 (Cost of legacy products) for further commentary.

12. Other retail products

12.1 Retirement Savings Accounts (RSAs)

12.1.1 Nature of RSAs

Retirement Savings Accounts are capital guaranteed superannuation accounts operated by financial institutions without any trust arrangement. Contributions to these products can be made by employers or members. They are run like simple bank accounts and do not include any superannuation services or financial advice.

The RSA market is dominated by credit unions that constitute eight of the ten providers. There are also RSA 'look-alikes' offered as an investment option in some master trusts.

12.1.2 Market data

Information on the RSA market is limited. APRA provides statistics on the total assets of RSAs but there are no statistics on the number of accounts held in RSAs. The lack of information on this market segment makes it difficult to estimate the underlying fees.

We have previously estimated total RSA fees of 0.70%% of average assets. The previous fee rate estimates were based on the spread between the interest rates credited to RSAs and the 180 day bank bill rate since few RSA providers charge explicit fees. The fee ranges implied by the interest rate spread for the year to 30 June 2013 are set out in Table 52.

Table 52. RSA range of fees for the year to 30 June 2014

Fee type	Typical fees
Account Keeping/ Member Fee	$0 – $50 p.a.
Implicit Fee	
$0 - $4,999	1.42%
$5,000 - $9,999	1.57%
$10,000 - $49,999	1.33%
Over $50,000	0.75%

There is a wide range of fees across RSA products and very little information regarding average balances (although we expect that they are quite low). However it appears as though scale does have an impact on fee levels, as it does on all other superannuation products.

RSAs are generally supported by relatively stable assets such as cash and short-term fixed interest securities, and they aim to provide returns above the RBA cash rate.

Given the fall in the spread between interest earned in an RSA and the 180 day bank bill rate we have revised our fees estimate to 1.0% of average RSA assets for the year to 30 June 2014.

12.1.3 Current fees

The fee rate of 1.0% of RSA average assets totals $19 million for the year to 30 June 2014.

Table 53. RSA fee summary

Assets ($m)	Fee rate[1] (%)	Fees ($m)
1,900	1.00	19

1 Expressed as a percentage (%) of *average* retirement savings account assets over the year to 30 June 2014.

The estimated RSA fee rates by function are shown in Table 54.

Table 54. RSA fee rate (%)

Retirement Savings Account fee rate[1] (%) – Year to 30 June 2013				
	Operating	Investment management	Advice	Total
Total Retirement Savings Account	**0.60**	**0.40**	**-**	**1.00**

1 Expressed as a percentage (%) of *average* Retirement Savings Account assets over the year to 30 June 2014.

We note our fee estimate for RSAs is not material in the context of the overall superannuation market. RSAs comprise only a small segment of the market, approximately 0.1% of total superannuation assets at 30 June 2014.

12.2 Eligible Rollover Funds (ERFs)

12.2.1 Nature of ERFs

When a member leaves a superannuation fund and gives no direction as to how their account is to be administered, the trustee of the fund may transfer the account to an Eligible Rollover Fund. ERFs consist of many small accounts requiring liquidity. Hence, products have traditionally maintained a conservative investment style.

Given recent changes to rules regarding member protection and the increase in the threshold above which lost accounts are transferred to the ATO it is expected that this segment will disappear over the coming years.

The ERF market is estimated to total approximately $4,986 million at 30 June 2014.

12.2.2 Market data

We have used fund documents and the *2014 APRA Superannuation Fund-level Profiles and Financial Performance* publication to estimate the size of the ERF market. We have also used the ERF fund documents to estimate the fees. Our fee estimates are based on the entire ERF market.

12.2.3 Current fee rates

We estimate that ERF members paid fees of $109 million in the 12 months to 30 June 2014.

Table 55. ERF fees summary

Accounts ('000)	Assets ($m)	Fee rate[1] (%)	Fees ($m)
4,117	4,986	2.18%	109

[1] Expressed as a percentage (%) of *average* Eligible Rollover Fund assets over the year to 30 June 2014.

The estimated ERF fee rates by function are shown in Table 56.

Table 56. ERF fee rate (%)

Eligible Rollover Fund fee rate[1] (%) – Year to 30 June 2011				
	Operating	Investment management	Advice	Total
Total Eligible Rollover Fund	**0.68**	**1.51**	**-**	**2.18**

[1] Expressed as a percentage (%) of *average* Eligible Rollover Fund assets over the year to 30 June 2014.

The estimated total fee rate is roughly 25 bps lower than our previous estimate of 2.43%.

The ERF segment remains the most expensive in the Australian superannuation market. The high total fee rate is not unexpected given the low average account balance in this segment (less than $1,000 per account).

Appendix A Variations between segments

In this appendix, we illustrate how fees and expenses vary by segment. As noted in the report, it is possible to conclude that some segments are more expensive than others. However, there are several reasons for the differences and they need to be understood before any direct comparison can be made.

Table 57 shows the items that have affected average fee/expense levels in each segment.

Table 57. Factors influencing fee levels

<table>
<tr><th>Segment</th><th>Influence to higher fees</th><th>Influence to lower fees</th></tr>
<tr><td>Corporate</td><td>Complex benefit design (sometimes defined benefit)
Heavy consulting and compliance costs
In-house operations</td><td>High average balances
High membership
Single payroll
Subsidy from employers
Limited advice</td></tr>
<tr><td>Industry</td><td>Compliance costs, particularly for the public offer funds
Higher marketing expenses to counter Choice of Fund
No discounts for large employer groups
Low average balances
High level of manual transactions
Subsidy of intra-fund financial advice services
Life insurance arrangements</td><td>Large membership
The cost of full personal financial advice is not included in the product costs
High levels of members in default (MySuper) strategy
Fund mergers
Basic platforms with lower levels of management information for clients (and no facility to provide supporting documentation for advisers)</td></tr>
<tr><td>Public Sector</td><td>Some defined benefit costs
Subsidy of intra-fund financial advice services
Life insurance arrangements</td><td>Large membership
Small number of payroll sites
High level of electronic transactions
High average balances
The cost of full personal financial advice is not included in the product costs</td></tr>
<tr><td>Self-Managed Super Funds</td><td>Stand-alone documentation
High compliance costs per member
Small membership</td><td>Very high average balances
Direct investments with low transaction fees
Only a small number of funds use regular financial planning advice
Self-operating and ‘other’ costs are not captured</td></tr>
</table>

Segment	Influence to higher fees	Influence to lower fees
Corporate Super Master Trusts	▪ Significant levels of investor choice ▪ Flexible benefit design ▪ Large emphasis on education ▪ Financial advisers for employers and employees ▪ Compliance costs for public offer funds ▪ Large number of investment options ▪ Life insurance arrangements	▪ Discounts for larger employer groups ▪ Reasonable average balances ▪ Fund mergers ▪ Discounts in competitive tenders as funds compete aggressively for large employers
Personal Super	▪ Significant levels of investment choice ▪ Flexible benefit design ▪ Large emphasis on education ▪ The cost of personal financial advice is often included in the product costs ▪ Compliance costs for public offer funds	▪ Competition between products and platforms ▪ Larger than average balances ▪ Moving towards passive investments ▪ Moving towards lifecycle options, lower level of expensive growth assets
Retirement Incomes	▪ Personal financial advice ▪ High margins on annuities ▪ Compliance costs for public offer funds ▪ Complexity of legislation ▪ Regular payments, PAYE Tax	▪ Very high average balances
Retirement Savings Accounts	▪ High interest margin held by banks ▪ Low average balances ▪ Low volumes	▪ Simplicity of product ▪ Absence of advice ▪ Minimum servicing of account
Eligible Rollover Funds	▪ Low average balances ▪ Low volumes ▪ High interest margin	▪ Simplicity of product ▪ Absence of advice ▪ Minimum servicing of account

Despite the differences in the segments, fees across all the major segments are converging with the introduction of MySuper.

Appendix B Charging structures

B.1 Method of calculating fees

Each segment of the superannuation industry charges its members in different ways and the benefits and service levels vary between them.

In this appendix we provide a more detailed picture of the various superannuation market segments and explain the fees and other expenses charged to members within the various segments.

B.2 Charging methods

While some employers, particularly those running defined benefit funds, subsidise the costs of managing superannuation, almost all corporate funds now recover costs by charging a fee to members.

Superannuation funds charge their members a variety of fees as shown in the Table 58. Some funds (such as retail master trusts) apply all of these charges, while others (such as industry funds) prefer to combine all charges into a simpler structure comprising just a member fee and an investment fee.

In fact, MySuper products have prescribed fees based on an annual fee for administration expressed in dollars and an asset-based fee to cover investment costs (and often expenses if required).

Table 58. Types of fees

Type of cost	Method of charging
Operating fees	Fixed dollar amount per member; and/or percentage of assets, plus percentage of contributions (for smaller sub-funds)
Trustee fees	
Cost of compliance	
Fund Manager, Custodian, Asset consultant	Percentage of assets
Benefit payments	Fixed dollar amount per transaction
Insurance	Percentage of insurance premium - profit-sharing
Distribution and advice fees	Percentage of contribution
	Percentage of assets

In addition, several funds charge fees for the advice provided in establishing an account. These amounts vary from case to case.

In this report, we have converted complex charging scales back to simple scales for comparative purpose.

B.3 Comparing fees

The comparison of fees charged by any two specific superannuation products can be complicated. This is because each fund/product will have its own unique charging structure based on a combination of the different charging methods outlined above.

ASIC has gone some way to addressing this problem by mandating that super funds must use a fee template in its Product Disclosure Statements (PDSs) in a format prescribed by ASIC. This includes the disclosure of:

- the type of fee, e.g. dollar based fee, asset based fee etc.
- the dollar amount expected to be charged
- when the fee is expected to be levied, e.g. weekly, monthly, annually
- how the fee is to be charged, e.g. by a deduction from the member's account, by a reduction in the crediting rate, etc.

Investment management fees are required to be included in this template.

In addition to this, ASIC requires a single annual fee example using an opening account balance of $50,000, annual contributions of $5,000 and investment in an appropriate 'balanced' investment option.

We note that the introduction of MySuper has limited the types of fees that funds are able to charge members. Fees a member can be charged in MySuper products are limited to:

- administration fee (gross or net of tax)
- investment fee (including a performance-based fee)
- buy and sell spreads (limited to cost recovery)
- exit fee (limited to cost recovery)
- switching fee (limited to cost recovery).

In addition, trustees may charge fees for certain member-specific costs initiated by the member or a court; for example, account splitting following a family law decision.

B.4 Large Employers

Employers with larger businesses often have their own corporate superannuation funds. Analysis of these and their fees and expenses is set out in Section 5 (Corporate funds) of this report

Other larger employers 'outsource' their superannuation to industry funds and corporate super master trusts (the latter categorised as retail business by APRA). The fees and expenses of these are analysed in Section 6 (Industry funds) and Section 9 (Corporate super master trusts) of this report.

B.5 Medium and small employers

Medium and small employers tend to participate within retail master trusts or industry funds to discharge their compulsory superannuation responsibilities. The employers choose the fund for their employees. If there is a strong union influence or a strict mandate from an industrial award, an industry fund is used. If there is no restriction, the employer will often select a master trust, often with the assistance of an adviser.

The majority of businesses are small and have the following characteristics:

- they belong to a multi-employer fund
- they have an accumulation benefit design

- members pay for their own insurance
- few employers subsidise the costs of the fund
- they pay contributions at the compulsory superannuation guarantee rate only
- they tend to use a default investment and insurance structure (in other words, they are not interested in setting benefit design)
- the owner will usually participate within the fund on a minimalist basis.

Analysis of the fees and expenses of medium and small employers' superannuation arrangements are set out in Section 9 (Corporate super master trusts) of this report.

Some small employers (proprietors) contribute to a 'small' fund (i.e. where the number of members is less than five). Small funds are analysed in Section 8 (Small funds).

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Appendix C Re-classified funds

There are a number of funds that we have re-classified (from APRA's classifications) to market segments we believe are more consistent with their characteristics. Table 59 contains details of all the funds we have re-classified.

Table 59. Re-classified funds

Fund	Market segment classification		Statistics at 30 June 2014	
	RWA	APRA	Accounts ('000)	Assets ($m)
Ardagh Australia Superannuation Fund	Corporate	Retail	90	25
Australia Post Superannuation Scheme	Corporate	Public Sector	41,790	7,151
AvSuper Fund	Industry	Public Sector	6,421	1,741
Benchmark Mutual Superannuation Plan	Corporate	Retail	20	5
BHP Billiton Superannuation Fund	Corporate	Retail	24,610	3,552
Bluescope Steel Superannuation Fund	Corporate	Retail	7,620	1,776
Crown Employees (NSW Fire Brigades Firefighting Staff Death & Disability) Superannuation Fund	Corporate	Public Sector	6,490	1
CSS Fund	Public Sector	Public Sector	131,084	4,071
Duluxgroup Employees Superannuation Fund	Corporate	Retail	1,810	262
Electricity Industry Superannuation Scheme	Industry	Unregulated	3,328	1,054
Energy Industries Superannuation Scheme	Industry	Public Sector	22,239	4,561
Enterprise Super	Corporate	Retail	12,720	98
ESSS	Public Sector	Unregulated	141,000	22,084
Fairbrother Employees Retirement Fund	Corporate	Retail	*	-
FM Insurance Company Ltd Superannuation Fund	Corporate	Retail	82	69
GESB	Public Sector	Unregulated	329,729	19,019
Gillette Australia Superannuation Fund	Corporate	Retail	*	-
Guild Retirement Fund	Industry	Retail	74,444	1,048
Incitec Pivot Employees Superannuation Fund	Corporate	Retail	1,198	173
IRIS Superannuation Fund	Industry	Retail	3,577	562
ITG Australia Ltd Superannuation Fund	Corporate	Retail	53	0
Itochu Australia Superannuation Plan	Corporate	Retail	10	4
L&H Group Superannuation Fund	Corporate	Retail	34	13
Law Employees Superannuation Fund	Industry	Retail	3,294	86
Linfox Staff Superannuation Fund	Corporate	Retail	40	34
MacMahon Employees Superannuation Fund	Corporate	Retail	3,811	82
Macquarie University Professorial Superannuation Scheme	Corporate	Retail	27	15
Managed Australian Retirement Fund	Industry	Retail	3,270	40

Fund	Market segment classification		Statistics at 30 June 2014	
	RWA	APRA	Accounts ('000)	Assets ($m)
Mines Rescue Stations Staff Superannuation Plan	Corporate	Retail	*	-
Munich Holdings of Australasia Pty Ltd Superannuation Scheme	Corporate	Retail	192	68
Nestle Australia Group Superannuation Fund	Corporate	Retail	5,358	718
Nissan Superannuation Plan	Corporate	Retail	67	33
Northern Territory Superannuation Office	Public Sector	Unregulated	8,135	1,028
Oracle Superannuation Plan	Corporate	Retail	2,575	236
Port of Melbourne Superannuation Fund	Corporate	Retail	33	27
Progress Super Fund	Industry	Retail	1,800	34
Quadrant Superannuation Scheme	Public Sector	Industry	12,586	788
RBF TAS Accumulation Scheme	Public Sector	Unregulated	9,003	1,805
RBF TAS Defined Benefit	Public Sector	Unregulated	69,838	3,163
Rexel Australia Superannuation Plan	Corporate	Retail	40	16
Staedtler Executive Superannuation Fund	Corporate	Retail	*	-
State Super (SAS Trustee Corporation)	Public Sector	Unregulated	46,063	40,676
Stone Superannuation Fund	Corporate	Retail	*	-
Suncorp Defined Benefit Fund	Corporate	Retail	119	70
Super SA	Public Sector	Unregulated	208,794	16,577
The Executive Superannuation Fund	Corporate	Retail	13,240	759
The Flexible Benefits Super Fund	Corporate	Retail	4,340	681
The Towers Watson Superannuation Fund	Corporate	Retail	200	28
The University of Adelaide Superannuation Scheme A 1985	Corporate	Retail	*	-
The University of New England Professorial Superannuation Fund	Corporate	Retail	*	-
The University of Sydney Professorial Superannuation System	Corporate	Retail	*	-
The University of Wollongong Professorial Superannuation Scheme	Corporate	Retail	*	-
United Technologies Corporation Retirement Plan	Corporate	Retail	2,799	308
Victorian Superannuation Fund	Industry	Public Sector	240,465	13,471
Worsley Alumina Superannuation Fund	Corporate	Retail	1,566	282

*APRA statistics not available