

Media Release

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Rising confidence in superannuation – but concerns linger over fees and transparency

FSC-ING DIRECT Report: Superannuation Sentiment Index 2014

Favourability towards Australia's superannuation system has increased in the past year according to the second *FSC-ING DIRECT Superannuation Sentiment Index* released today (Thursday).

The index gauges how confident and engaged Australians are with their superannuation.

The FSC-ING DIRECT report has found the improved sentiment has been driven by superannuation fund performance along with pride, trust and confidence in the superannuation system. This has been offset by reduced confidence in the value of fees paid, support for the current system and fund transparency.

'Stability and certainty' of the superannuation system showed the biggest positive shift (+11) while the 'judgment of value of fees' showed the largest negative shift (-5).

John Brogden, CEO of the Financial Services Council said: "A second year of double digit returns for superannuation has clearly had a positive impact on sentiment."

"This year's results show that bipartisan support to leave the policy and tax settings of superannuation alone has resulted in the largest improvement in trust and stability in the superannuation system."

Vaughn Richtor, CEO of ING DIRECT said: "While satisfaction with returns has improved, perception of fees has declined.

"The industry needs to do a better job at explaining fees so that people can make the right decisions on choosing a fund," Mr Richtor said.

"This includes ensuring fees and charges are fair and provide value for money, education and transparency around investments, and enable Australians to view their superannuation balance and activity on a regular basis."

Mr Brogden added: "MySuper will provide fund members with detailed information around investments and fees."

"The industry can play an important role in helping members become more engaged with their superannuation, which will be the single biggest investment that many Australians make in their lifetime."

KEY FINDINGS

Confidence and engagement in super has remained steady in the past 12 months due to strong superfund performance.

2014	2013	
86%	89%	support Australia's superannuation system
83%	84%	see superannuation is essential in providing a comfortable retirement
61%	55%	believe superannuation is something to be proud of
64%	53%	say the superannuation system provides stability and certainty
71%	66%	say superannuation returns are 'good'
52%	53%	consider returns are better in 2014 than 2013
52%	62%	believe they will not have enough to fund a comfortable retirement
80%	83%	support increasing contributions to 12%
68%	72%	know approximately how much is in their superfund now
49%	n/a	don't know the fees they pay on super
15%	n/a	are definitely aware of the fees they pay on super
71%	66%	say super funds, their fees and the way they work are not transparent enough
68%	74%	use their employer's default fund or recommendation
27%	19%	Would be likely to change their fund provider in the future
53%	n/a	say lower fees would be the key reason why they would consider switching funds: 52% say better performance by another provider would be key

The FSC-ING DIRECT report also found that people's confidence in their super providing them with a comfortable retirement has increased. In 2013, 62% said their superannuation would be inadequate compared with 52% in 2014.

Perceptions of the amount required for an adequate retirement varied widely – 50% (46%) believe \$500,000 or less will be enough while 34% (38%) say \$1 million or more is the right amount.

Mr Richtor added: "As a compulsory system, it is critical that superannuation maintains strong support to ensure superannuation achieves its full potential and that Australians have adequate savings in retirement."

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Research Methodology

The research was conducted in two stages: a large national quantitative survey; and qualitative focus groups to determine opinions and behaviours. The national survey of 1,000 working Australians with superannuation was conducted between 14-20 July 2014. Four focus groups were held in Sydney on 10 July 2014 comprising 8-10 working people with superannuation.

About the Financial Services Council

The Financial Services Council (FSC) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

About ING DIRECT

ING DIRECT changed the way Australians bank 15 years ago by launching the country's first high interest, fee free online savings account. Since then, we've brought this low fee value to home loans, transactional banking and superannuation. With over 1.5 million customers – and \$31 billion in savings and \$38 billion in mortgages – ING DIRECT has the highest reputation of any other bank in Australia (RepTrak, Oct 2013), as well as the highest Net Promoter Score (NFSM, December 2013).