

SMSF Insights

FSC/UBS Asset Management SMSF Report
December 2016



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Foreword — Financial Services Council



Sally Loane

Chief Executive Officer
Financial Services Council

Now with a total of \$2.1 trillion in assets, superannuation continues to strengthen its position as a cornerstone of the Australian economy. The total asset pool grew 7.4% in the 12 months to September.

The proportion of Australians who choose to manage their own retirement savings through a self-managed super fund is increasing faster still – up 8% year-on-year. This resulted from a lift in contributions to SMSFs in 2016. Overall 58% of respondents made a contribution to their SMSF last financial year (up from 53% in 2015). For non-retirees, the increase was from 68% in 2015 to 77% in 2016. The pattern was similar for concessional and non-concessional contributions.

This report, the second produced by the FSC and UBS, shows once again that the sense of control as well as good returns are the biggest drivers of people's overall satisfaction with their funds.

It is very pleasing to see the number of respondents who have formal agreements with financial advisers (42%) and accountants (30%) in

the management of their fund. This was not just limited to higher value funds, with 30% of those enlisting a professional financial adviser having less than \$200,000 in their SMSF. This indicates the recognised and trusted value of advice.

This report shows that as superannuation continues to grow, more than anything Australians need to have confidence in the system. This starts with the important service provided by professional advisers.

We are pleased to have partnered once again with UBS for the publication of this report and we hope you find the comparisons with last year's results useful.

Foreword — UBS Asset Management



Bryce Doherty

Head of Australasia
UBS Asset Management

Australia remains in a unique global position. Despite our small population, Australia has the third largest superannuation market globally with more than \$2 trillion worth of assets held in superannuation funds.

Self-managed superannuation funds (SMSFs) represent close to a third of this pool, with more than \$635 billion of Australia's superannuation currently held in a SMSF. As such, the growth of the SMSF subsector makes it an integral component of Australia's unique market.

The financial services industry has a responsibility to educate and enable Australians to save for a comfortable and dignified retirement. The need to reduce the dependence of Australian retirees on government welfare has never been greater. There is an obligation and an opportunity for the funds management industry to develop innovative products that provide access to attractive investment opportunities.

We are pleased to partner with the Financial Services Council again to commission this report. The report includes an analysis of the rapid growth of the SMSF sector, profiles SMSF investors and explores their views on investing, as well as their investment allocation decisions.

Overview



Australian superannuation assets increased by 7.4% over 2015-16, totalling \$2.15 trillion at the end of the September 2016 quarter.

This included \$635.9 billion in Self Managed Super Funds (SMSFs), leading the other major fund categories of Retail (\$558.6b), Industry (\$481.7), and Public Sector (\$231.9b). SMSFs recorded a solid 8% increase in the year 2015-2016.

This important study, commissioned by the Financial Services Council and UBS Asset Management, is now in its second year of profiling and exploring the views of Australians with SMSFs. This report details the findings from the 2016 national online survey of survey size=601 SMSF holders, and draws comparisons to 2015 results on key questions.

Key findings

A sense of control and good returns are driving continued satisfaction with SMSFs

Three quarters of SMSF holders report being satisfied with their fund, with over 50% saying that having control and seeing strong performances as the main drivers of this positive view.

SMSFs shift back to deposits/cash but other investment categories also strong

The level of investment in deposits/cash increased from 67% in 2015 to 74% in 2016. Over half of fund holders (52%) used managed funds (similar to 2015) and there were noticeable increases in the level of investment in domestic (51%) and overseas equities (30%).

Professional financial advice still plays a key role, accountants the most trusted

The percentage of SMSF holders having formal agreements with financial advisers (down from 46% to 42%) shifted slightly towards those using accountants (up from 25% to 30%). The level of involvement with banks was constant at 11%. Accountants were also seen as the most trustworthy source of information to help with SMSF decision making (average trust score of 7.1 out of 10, compared with 6.1 for financial advisers).

Cautious optimism around SMSFs ability to provide enough income in retirement

One fifth (20%) felt their SMSF would definitely provide them with enough income for a comfortable retirement, while another 43% said it probably would. Only 10% said their SMSF definitely wouldn't provide them with enough income and 17% said it probably wouldn't, while 9% were unsure. There seems to be a general acceptance amongst many SMSF holders that supplementing their income is inevitable, whether it is because they want to or feel like they need to. Over half the SMSF holders (59%) said they would definitely (23%) or probably (36%) supplement the SMSF with money outside of super, whether through investment (property 44%, shares 34%) or employment (36%).

Instilling confidence is key for driving greater uptake and satisfaction

SMSF holders say the biggest barrier to setting up an SMSF was finding the confidence to manage their own retirement savings (30%). Similarly, the pressure of making their own investment decisions was seen as the most challenging aspect of running their SMSF (31%). The ATO's compliance and regulatory requirements were also seen as a barrier to setting up an SMSF (19%) and a challenging aspect of running the fund (26%).

ETFs appeal through diversification, cost and access to international markets

Use of Exchange Traded Funds (ETFs) increased from 20% to 24%, with diversification (54%, steady), low costs (50%, up from 44%) and access to international markets (41%, steady) seen as the main benefits. It appears perceptions of risk and performance (25%) are acting as stronger barriers to future uptake, rather than lack of knowledge (down from 27% to 17%).

A range of views on what is required for a comfortable retirement

Around half the sample (49%) felt that \$1 million or more would be required for a comfortable retirement, while the other half felt they could live comfortably on less (average \$1.17 million, median \$800,000). Estimates of the SMSF balance needed before retiring were slightly lower, with an average estimated SMSF balance of \$1 million and a median of \$600,000. The average estimate for annual income was \$97,000 and the median was \$70,000.

Superannuation policy influences voting decisions, but awareness is low

Superannuation policy was an important election issue for just over a quarter of respondents, as 27% said it had a lot of influence on their voting decision and 39% said it had a little influence.

However, awareness of the Federal Government and Opposition's positions on superannuation was generally low, with almost half the sample (47%) unable to offer an opinion. With that said the Federal Government's position did garner twice the level of support to that of the Opposition's (36% to 17%).

National survey results

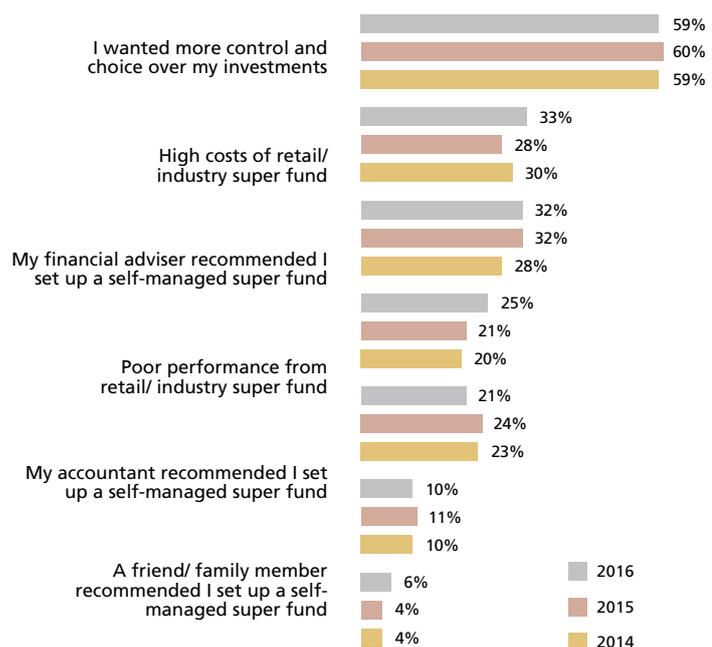


Setting up an SMSF

As with the previous survey, the vast majority of respondents had superannuation funds prior to setting up their SMSF – mainly in Industry (39%) and Retail (34%) funds.

A desire for more choice and control over their investments remains the key driver of change (over half the sample at 59%, similar to 2015) as does the advice of financial advisers (32%) and accountants (21%). The high costs and poor performance of retail and industry funds also remain key reasons for setting up an SMSF (33% and 25%, respectively, with both showing increases from 2015).

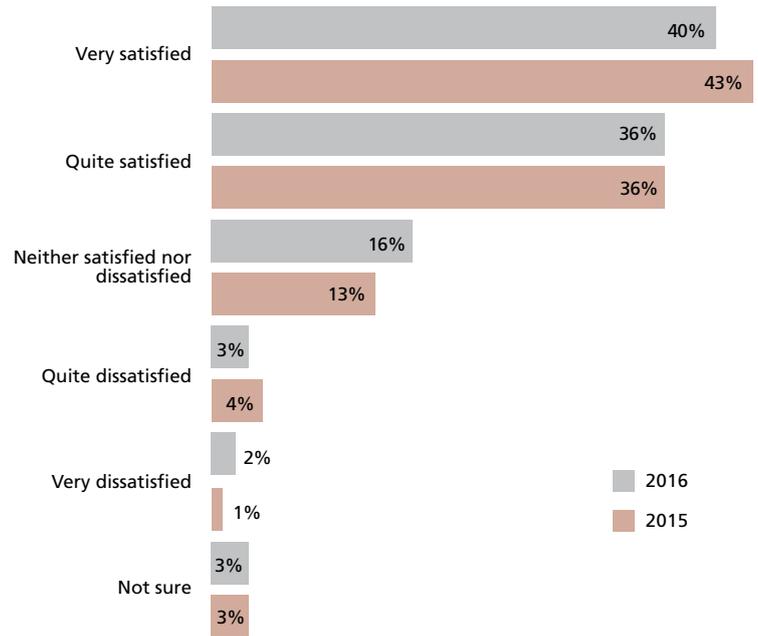
Q. Which of the following best describes why you chose to set up your self-managed super fund? (survey size=601,601,601)



SMSF satisfaction levels

Satisfaction levels were largely on par with 2015, with 40% of the 2016 sample saying they were very satisfied with their SMSF and a further 36% saying they were quite satisfied. Satisfaction levels were highest amongst men, those 65 years of age and older and those with larger funds.

Q. How satisfied are you with your decision to set up a self-managed super fund? (survey size=601,601)

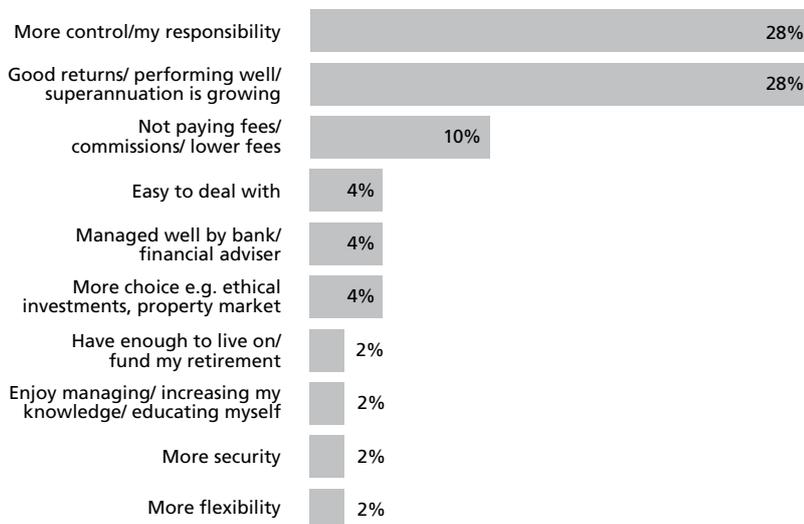


Drivers of satisfaction

The sense of having control and seeing good returns were the key drivers of satisfaction (both 28%). Lower fees and no commissions was the next most common response (10%). The ease of managing the fund whether personally (4%) or through a third party such as a bank or financial adviser (4%) were also mentioned.

For the small minority dissatisfied with their SMSF (5%) there were corresponding concerns that the returns had not met expectations and that fees were too high.

Q. What makes you say that? (survey size=455, those satisfied)



“Glad to have control without the fees. Wish we had done it 30 years ago.”

“I control everything and I am the best and cheapest fund manager I know.”

“My self managed fund is in an umbrella supervised by a larger organisation who are extremely helpful.”

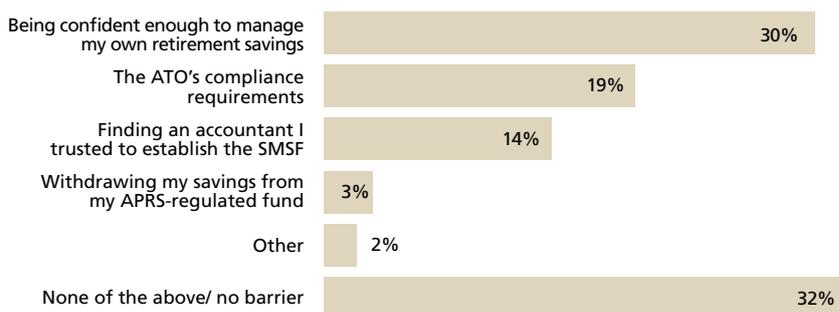
“I have been able to invest in medium risk products as well as products I have good knowledge of.”

Barriers and challenges

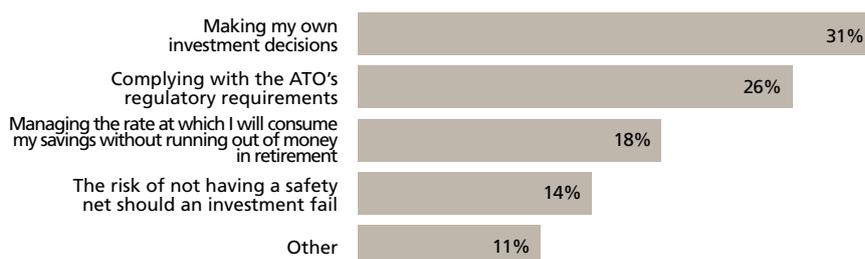
While one third of SMSF holders (32%) said they felt there were no barriers when setting up their SMSF, another third (30%) felt they lacked the confidence to manage their retirement savings (especially those under 55 years of age). ATO compliance requirements were seen as barrier for 19%, while finding a trusted accountant was an issue for another 14%.

Some of these initial barriers also remain as challenges when running the fund. One third (31%) find making their own investment decisions challenging, while ATO regulatory requirements represent the most challenging part of running an SMSF for one quarter of fund holders (26%).

Q. When you set up your SMSF, what was the biggest barrier you faced? (survey size=601)



Q. What is the most challenging part of running your SMSF? (survey size=601)



SMSF fund profile

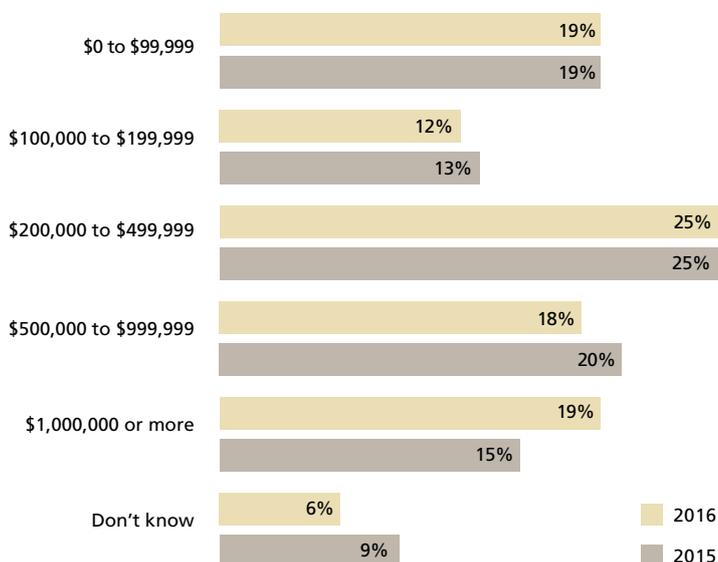
Trustees

As in 2015, most of the SMSF holders interviewed were either the sole trustee or member (36%) or one of only two (53%), while 11% of respondents were part of an SMSF with a larger membership.

Size of fund

The 2016 sample found a slightly higher percentage of respondents with an SMSF of \$1 million or more (up from 15% to 19%) and a decrease in those who said they didn't know what their fund size was (9% to 6%). As will be discussed later in the report, respondents stated an increase in the level of engagement with their SMSF, which may help explain the increase in awareness of the fund size.

Q. What is the approximate size of your current self-managed super fund? (survey size=601,601)



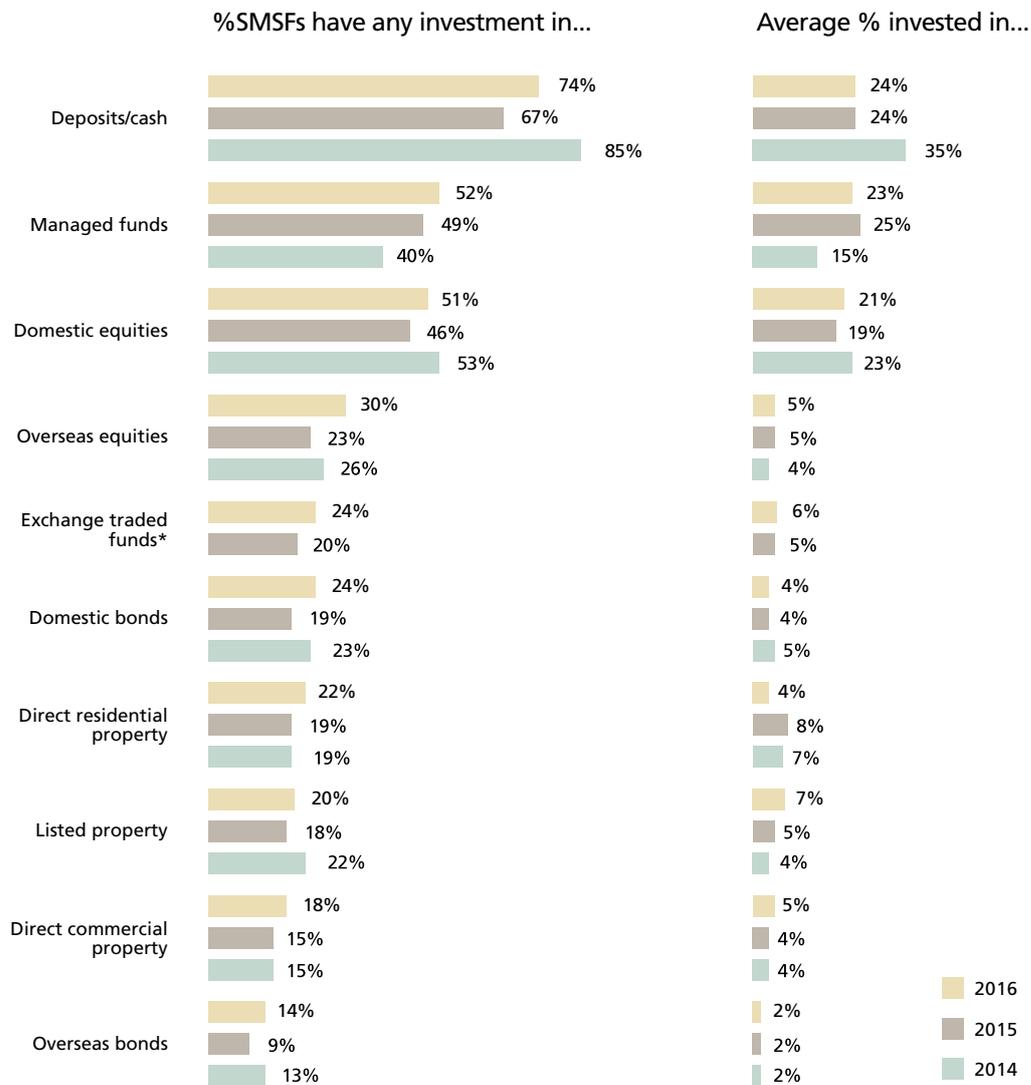
Investment mix

The 2016 SMSF investment profile saw slight increases in most asset types/investment vehicles, although the level of investment in each remained relatively stable.

The percent who invested in deposits and cash reversed the decrease seen in 2015 (up from 67% to 74%), while the use of managed funds continued to grow (up to 52% from 40% in 2014).

There was a relatively strong increase in overseas equities (up from 23% in 2015 to 30% in 2016), while the percentage of those investing in exchange traded funds (first measured in 2015) increased from 20% to 24%.

Q. Approximately what percentage of your self-managed super fund investment is in...? (survey size=601,601,600)

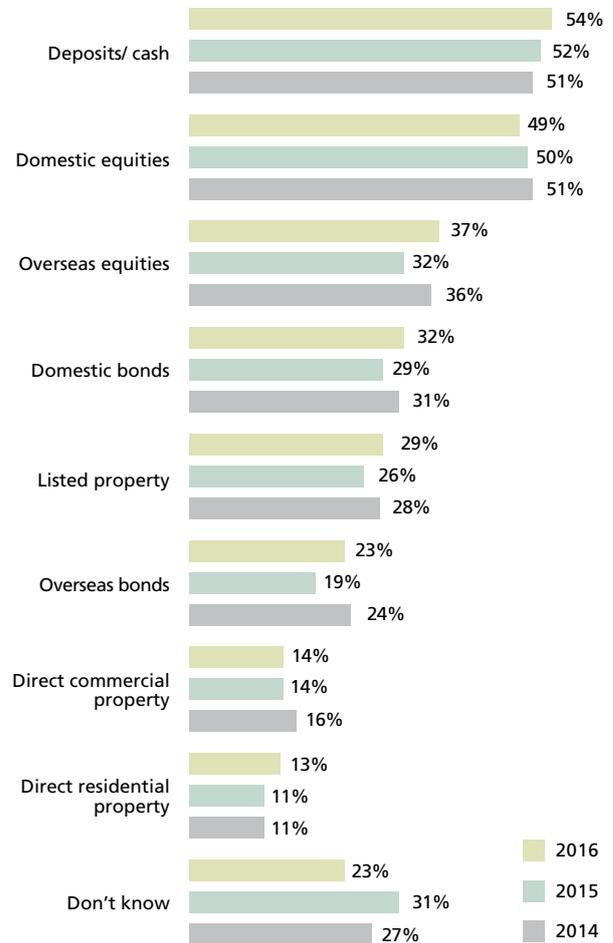


Managed funds

Amongst those with managed funds, the asset profile remained reasonably similar to 2015, with deposits/cash (54%) and domestic equities (49%) the most common types of investment.

Some of the increases noted in the overall SMSF investment profile for 2016 were evident amongst those with managed funds, notably the increase in overseas equities from 32% to 37%. Similarly, the more engaged nature of the 2016 sample saw a decline in the percentage who did not know what their managed fund invested in (down from 31% to 23%).

Q. Which of the following types of assets does your managed fund invest in? (survey size=312,298,239 SMSF in managed funds)



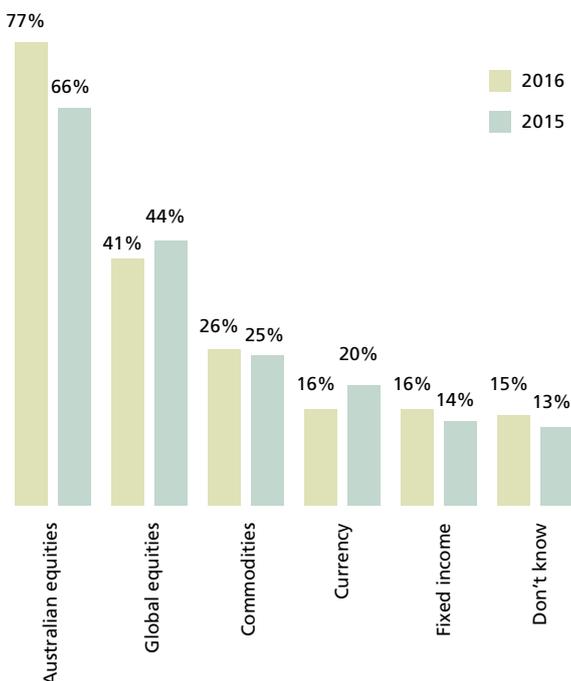
Exchange Traded Funds

As noted, the level of SMSF investment in exchange traded funds (ETFs) showed increases in 2016 (up to 24% from 20% in 2015).

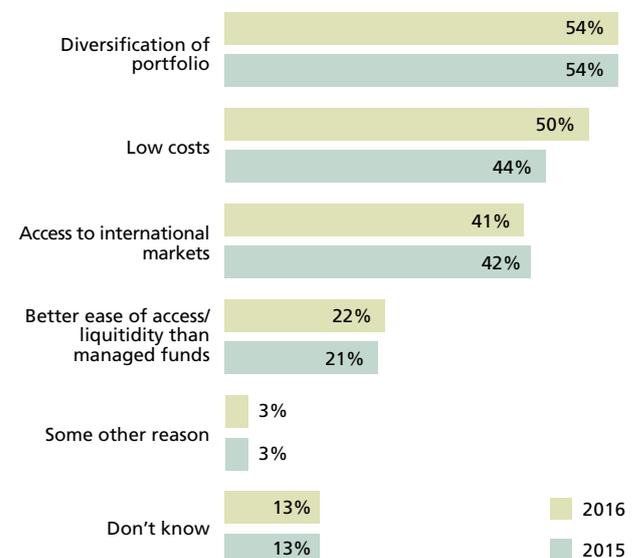
Portfolio diversification remained the main reason why SMSF fund holders use ETFs (54%), while there was increasing recognition of the lower costs involved (up from 44% to 50%).

There was a notable shift away from ETF investment in Australian equities (down from 77% to 66%), and an increased interest in both international markets (global equities rising from 41% and 44%) and currency (up from 16% to 20%).

Q. Which of the following types of asset classes do you use exchange traded funds, or ETFs, to invest in? (survey size=143, 120 used ETFs)

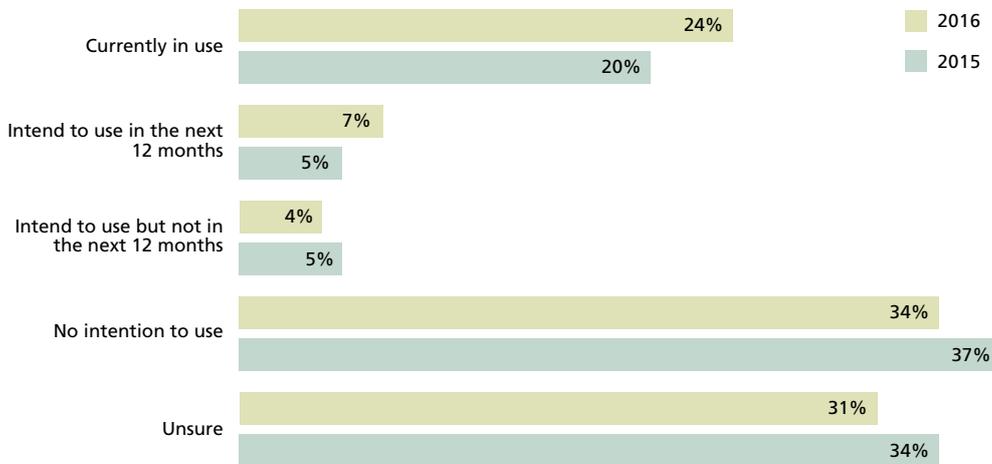


Q. Which of the following best describes why you use ETFs? (survey size=143, 120 used ETFs)



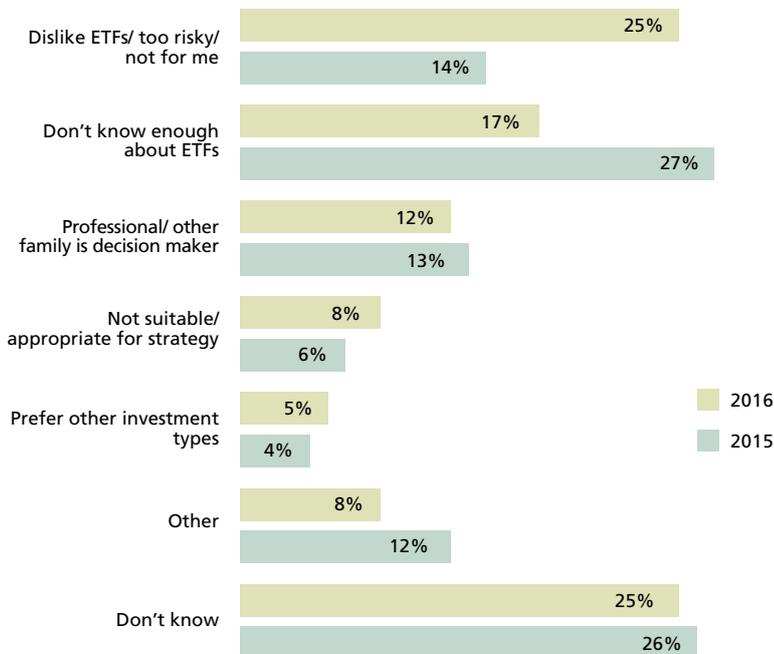
Overall, 35% of the 2016 SMSF holder sample either currently use (24%) or intend to use (11%) ETF's (up from 29% in 2015). The shift in intention to use ETFs in the future, while small, is moving in a positive direction (7% in the next 12 months).

Q. Approximately what percentage of your self-managed super fund investment is in - exchange traded funds? (survey size=601,601) / Q. Which one of the following best describes your likely use of exchange traded funds, or ETFs, in your future SMSF strategy? (survey size=458,481)



While lack of awareness and understanding of ETFs was a key barrier for non-users, these levels had decreased from 27% in 2015 to 17% in 2016. There was a corresponding upwards shift amongst non-users who did not like ETFs because they felt they were too risky and did not trust them to yield suitable returns.

Q. For what particular reasons do you not currently / intend to use ETFs in your SMSF strategy? (survey size=458, 481 not used ETFs)



“I am uncertain what ETFs are, but generally, I chose a SMSF so I would control all the investments, not simply to select a layer of fund managers.”

“We have not really been in a position to look into this in past few years. Our financial adviser is telling us that will be the next step.”

Diversification and leverage

Interest in future diversification options remained reasonably constant in 2016. International options were being considered by 20% of the sample, with those under 45 years again showing the most interest (42%, compared with the total of 20%).

With SMSF and managed funds concentrated in a small set of asset types, some respondents were considering diversifying their portfolio through direct investments in infrastructure companies (10%), or in international shares (16%), bonds (6%), or properties (5%).

Interest in infrastructure companies showed a small increase from 10% to 13% with a similarly flat age profile to 2015.

Q. Are you currently considering diversifying your self-managed super fund portfolio into any of the following? (survey size=601,601)

% of SMSF members survey size=	Total		Under 45 years		45 to 54 years		55 to 64 years		65+ years	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	601	601	97	92	116	131	188	178	200	199
Total consider any International:	19%	20%	38%	42%	19%	23%	16%	9%	14%	19%
International shares	16%	16%	26%	21%	17%	22%	13%	6%	13%	17%
International bonds	6%	7%	23%	23%	5%	11%	3%	3%	2%	2%
International property	5%	5%	21%	21%	4%	5%	3%	0%	1%	2%
Consider shares in infrastructure companies	10%	13%	13%	17%	11%	18%	9%	8%	9%	13%
None of the above	41%	37%	25%	24%	35%	33%	41%	39%	52%	46%
Not sure	35%	36%	35%	28%	41%	36%	38%	49%	30%	27%

There was a slight increase in the percentage of those who leveraged through their SMSF (up from 22% to 28%). Again, younger adults (under 45 years) were much more likely to be leveraged (53%) than those closer to, or already in, retirement (55 to 64 years 23%, 65 years or older 11%). In 2016, there was a notable increase in the percentage of SMSF holders aged 45 to 54 years who leveraged through their SMSF (up from 28% to 42%), and especially for equities (doubling from 12% in 2015 to 24% in 2016).

Q. Are you leveraged for any of the following through your self-managed super fund? (survey size=601,601)

% of SMSF members survey size=	Total		Under 45 years		45 to 54 years		55 to 64 years		65+ years	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	601	601	97	92	116	131	188	178	200	199
Total leveraged for:	22%	28%	46%	53%	28%	42%	15%	23%	12%	11%
Property	15%	21%	38%	41%	21%	32%	11%	17%	5%	7%
Equities	11%	14%	28%	26%	12%	24%	7%	10%	8%	7%
Other assets	1%	0%	1%	0%	0%	1%	1%	0%	2%	1%
Not leveraged	51%	47%	29%	17%	42%	31%	52%	52%	67%	67%
Not sure	27%	25%	25%	30%	30%	27%	33%	26%	21%	22%

Life insurance

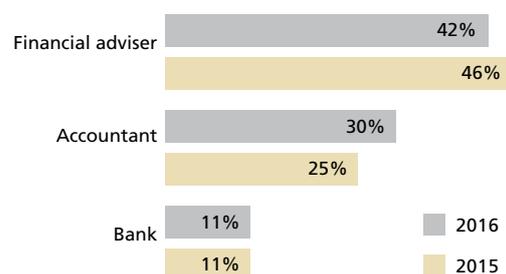
Life insurance levels remained constant, with 14% of SMSF holders having life insurance through their SMSF (similar to 2015 at 13%). A further 18% have life insurance through other means (compared 14% in 2015).

Using professional financial advice

The 2016 survey saw the number of SMSF holders having formal agreements with financial advisers (down from 46% to 42%) shift slightly towards those using accountants (up from 25% to 30%). The level of involvement with banks was constant at 11%.

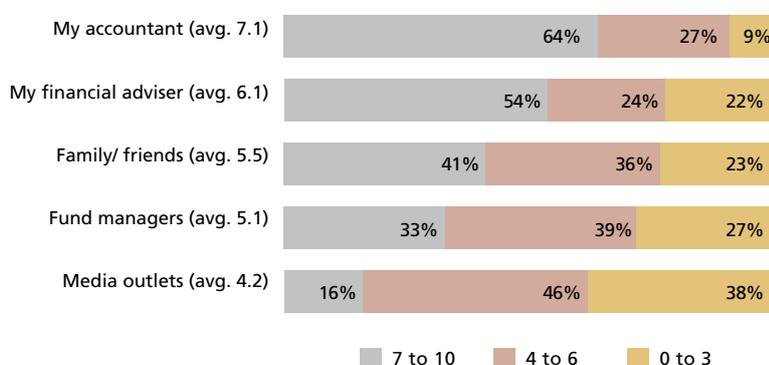
In 2015 it was observed that professional financial advice was not something limited to higher value funds. Indeed, it was noted that 30% of those using a financial adviser in 2015 had less than \$200,000 in their SMSF, and a further 30% had \$200,000 to \$499,999. In 2016 it appears that some of these smaller fund holders have moved away from financial advisers in favour of banks and accountants - only 22% of those with less than \$200,000 have a formal relationship with a financial adviser (compared with 30% in 2015). By contrast, the percentage of those using financial advisers with SMSF funds worth \$1 million or more increased from 15% in 2015 to 23% in 2016.

Q. Do you have a formal arrangement to receive financial advice from any of the following? (survey size=601,601)



Trust in advice sources

Q. How much do you trust each of the following when making SMSF investment decisions? On a scale of 0 to 10 where 10 means 'completely trust' and 0 means 'not trust at all'. (survey size=601)



Use of advice sources broadly mirrored the reported trust SMSF holders have in each. Accountants were the most trusted source (averaging 7.1 out of 10), followed by financial advisers (6.1) and family and friends (5.5), with fund managers (5.1) and media outlets (4.2) slightly lower.

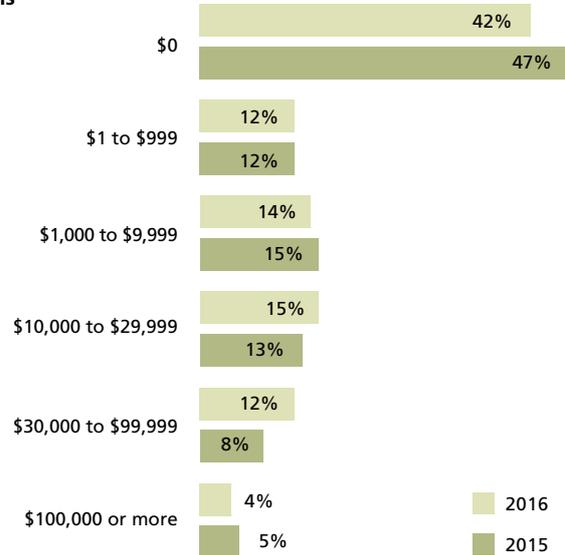
A pattern emerges when looking at the trust levels across age, gender and SMSF fund size. Generally, those under 45 years, women and those with mid-level funds (especially \$200,000 to \$499,999) show a higher level of trust in all the sources tested. Conversely, older men with larger funds were by and large the least trusting. The one exception is for accountants, where older fund holders (55 to 74 years) and those with a broad range of fund levels (from \$200,000 to \$1 million and above) show above average trust.

SMSF activity

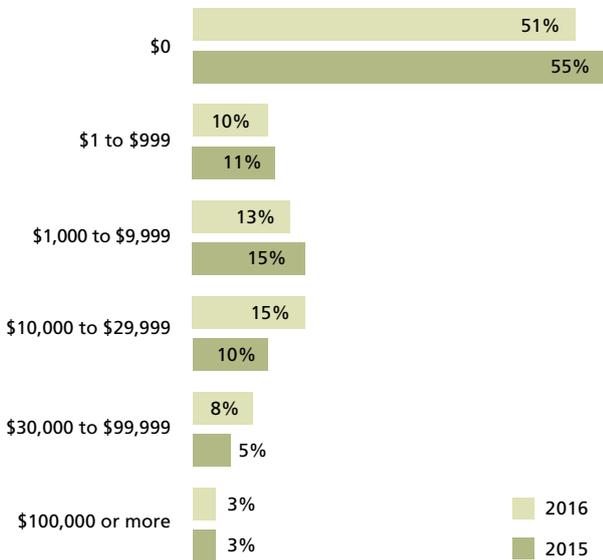
Contributions to SMSFs slightly increased in 2016. Overall 58% of respondents made a contribution to their SMSF last financial year (up from 53% in 2015). For non-retirees, the increase was from 68% in 2015 to 77% in 2016. The pattern was similar for concessional and non-concessional contributions.

Q. Approximately how much did you contribute into your self-managed super fund in the last financial year (ending 30 June 2015/2016)? (survey size=601,601)

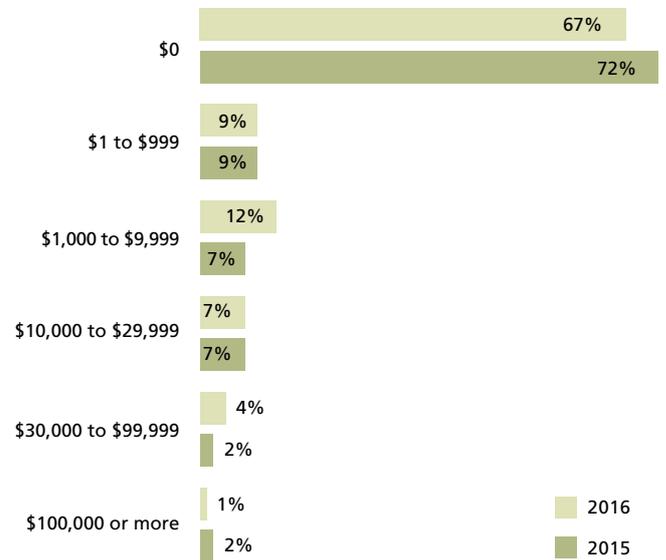
Total contributions



Concessional



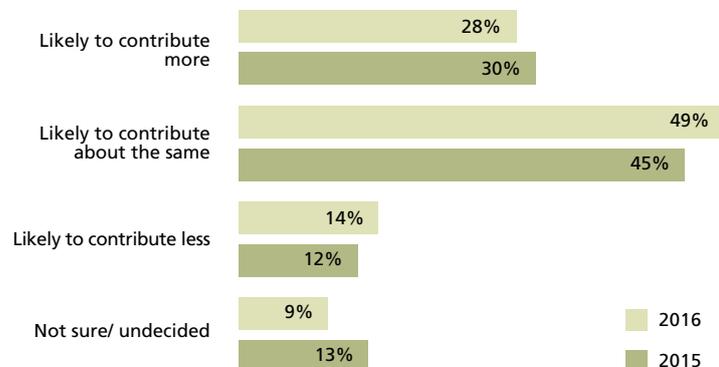
Non-concessional



Expected future contributions for the current financial year were mostly in line with the 2015 survey, with around half of SMSF holders who contributed last financial year (49%) saying they will contribute about the same this coming year. A further 28% said they would be likely to contribute more, and 14% said they would be likely to contribute less (both figures similar to 2015).

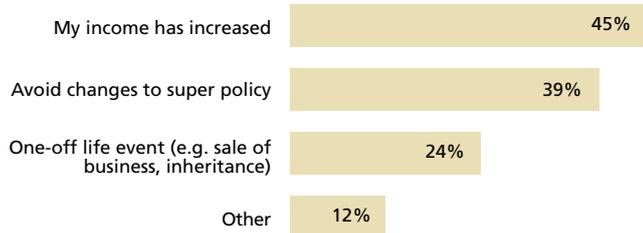
For those not yet retired, likely future contributions were slightly more conservative than in 2015. In 2016, 50% of these non-retirees said they would contribute about the same (46% in 2015), while 29% said they were contribute more (down from 36% in 2015) and 13% said they were likely to reduce their contributions next year (up from 7% in 2015)

Q. Are you likely to contribute more or less into your self-managed super fund during this financial year (ending 30 June 2016/017) or will it be about the same as last year? (survey size=347,313 contributed to super in previous year)

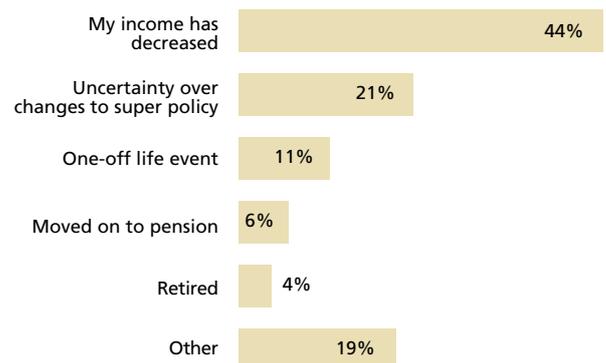




Q. Why are you likely to contribute more? (survey size=118)



Q. Why are you likely to contribute less? (survey size=89)



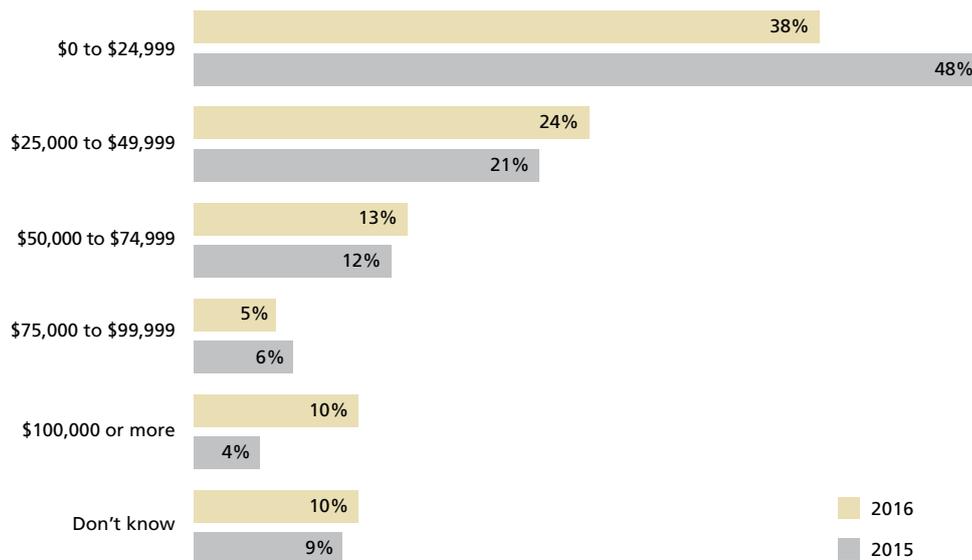
A change in income levels was the primary reason SMSF holders said they would increase (45%) or decrease (44%) their SMSF contributions. The possibility of changes to superannuation policy was also a factor, with 39% of those planning on increasing their contributions hoping to avoid any changes, and 21% of those planning on decreasing contributions doing so because of the perceived uncertainty of possible changes.



Annual draw down

The amount retirees had drawn down increased in the 2016 survey. The percentage of retirees who had drawn down \$25,000 or more in the last financial increased from 43% in 2015 to 52% in 2016, while 10% drew down \$100,000 or more (up from 4% in 2015).

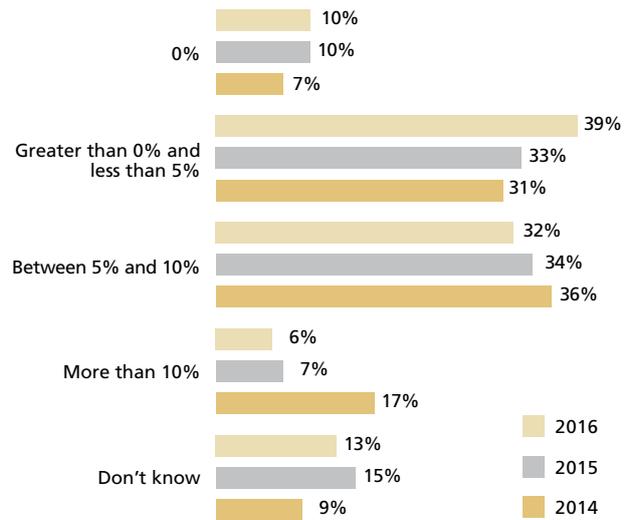
Q. How much did you draw down on your superannuation in the last financial year (ending 30 June 2015/2016)? (survey size=203, 236 retirees)



Growth

Reported growth levels were on par or slightly down from 2015. While a majority of respondents (77%) experienced growth in their fund over the 2015-16 financial year, there were continued small declines in the upper end growth categories (between 5% and 10%, more than 10%), and an increase in the greater than 0% and less than 5% category (up from 33% to 39%). Zero growth rates remained at 10%.

Q. How much did your superannuation fund grow by in the last 12 months? (survey size=601)

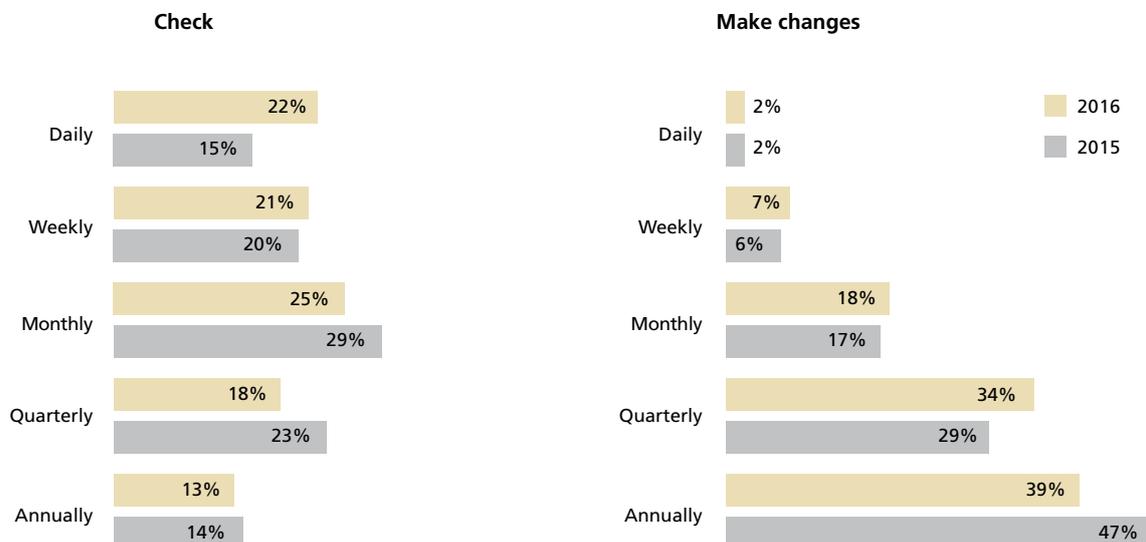


Engagement with portfolio

Overall engagement with the SMSF portfolio increased in 2016. Around one fifth of fund holders check their fund daily (22%, up from 15% in 2015), and another fifth check it weekly (21%, similar to 2015).

The rate of making changes to the SMSF portfolio also increased, with respondents in 2016 more likely to make quarterly changes than in 2015 (34%, up from 29%), and less likely to do it annually (39%, down from 47%).

Q. How often do you check or make changes to your self-managed super fund portfolio? (survey size=601,601)

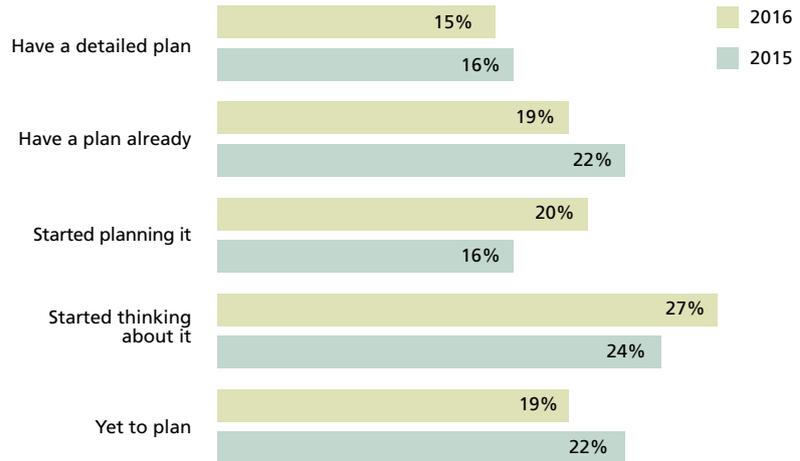


Retirement

Planning for retirement

There were no major shifts in the status of retirement planning between 2015 and 2016. In 2016, the non-retirees were slightly more likely to be in the 'thinking about' (27%) and 'starting planning' (20%) stages than in 2015. As with previous studies, age and size of SMSF fund were key indicators of the degree of retirement planning. Older fund holders and those with larger funds tended to be further along the retirement planning pathway than others.

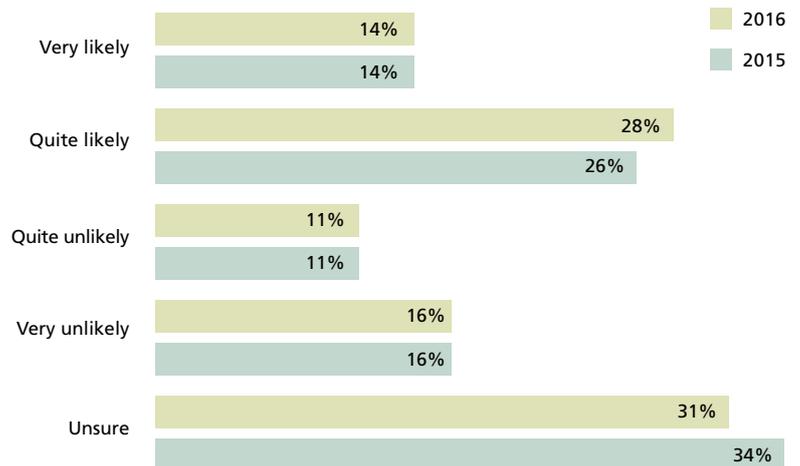
Q. To what extent have you planned your finances for retirement? (survey size=398,365 not yet retired)



Interest in annuities from SMSF

Interest in annuities and allocated pensions among non-retired SMSF holders remains high, with 42% claiming they would be likely to buy a product that provides an income stream from their SMSF (similar to 2015).

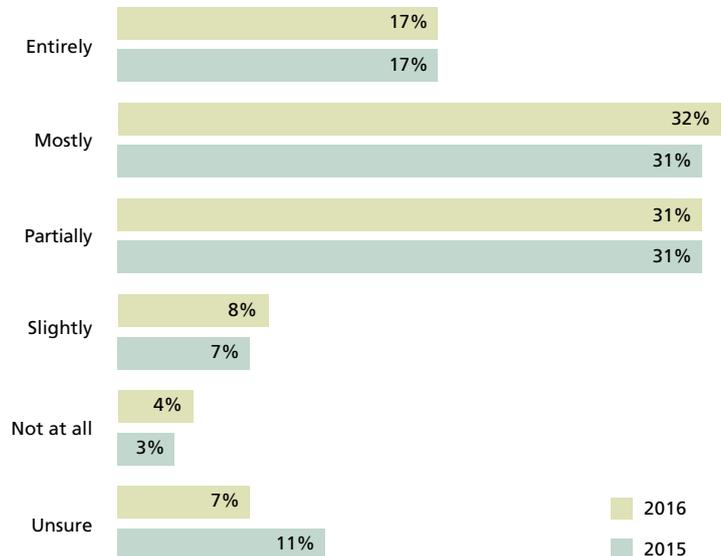
Q. How likely would you be to buy a product that provides an income stream (e.g. annuity or allocated pension) from your self-managed super fund? (survey size=398,365 not yet retired)



Dependency on SMSF

Almost half of respondents (49%) felt they were, or will be, entirely or mostly dependent on their SMSF fund for income in retirement (similar to 2015). Among retirees, this figure is marginally higher (52%) but not significantly, although 23% of retirees say they are entirely dependent, compared with 14% for non-retirees.

Q. To what extent is/will your disposable income in retirement be dependent on your self-managed super fund? (survey size=601,601)



Perceptions of a comfortable retirement

SMSF holders expressed a range of views on what is required for a comfortable retirement and what SMSF balance would be needed.

Estimates on funds required

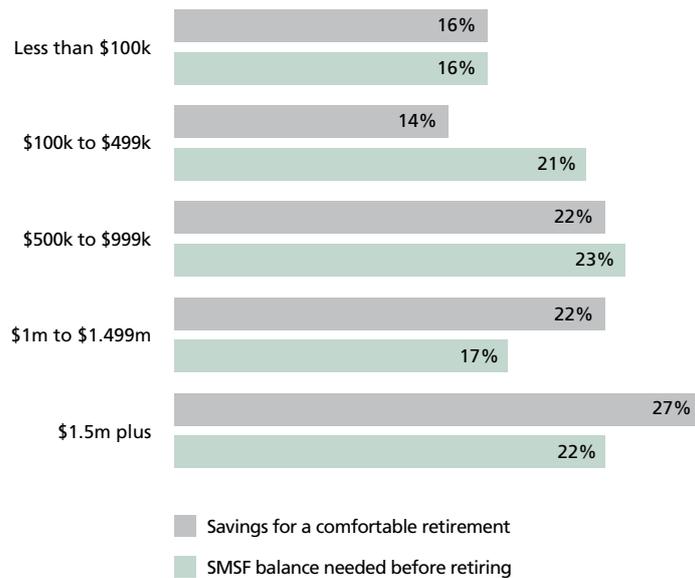
Around half the sample (49%) felt that \$1 million or more would be required for a comfortable retirement, while the other half felt they could live comfortably on less. The average projected savings figure was \$1.17 million, while the median was around \$800,000 (noting the median figure is often a more reliable indicator because it removes the effect of extremely low and high estimates).

Estimates of the SMSF balance needed before retiring were slightly lower, with 39% of the SMSF holders feeling they would need an SMSF balance of \$1 million or more. The average SMSF balance figure was \$1 million and the median \$600,000.

Not surprisingly, those with larger SMSF funds tended to have higher expectations around both savings levels and SMSF balances, while those under 45 years generally provided lower estimates. There were no significant differences between retirees and non-retirees.

Q. Approximately, even if it's just a guess, how much total savings do you think is enough to give you a comfortable retirement? (survey size=601)

Q. Approximately, even if it's just a guess, what SMSF balance do you think you will need to end with before retiring? (survey size=601)

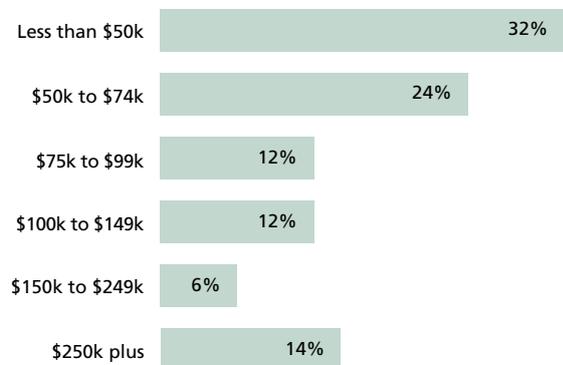


Estimates on annual income

Estimates of annual income for a comfortable retirement were also varied, with around one third (32%) estimating that less than \$50,000 per annum would be enough, and another fifth (20%) saying they would need \$150,000 a year or more. The average annual salary figure was \$97,000 and the median was \$70,000.

Again, those with larger SMSF funds tended to have higher expectations around future annual income, although the pattern across age groups was less definite. There were no major differences between retirees and non-retirees.

Q. Approximately, even if it's just a guess, how much annual income do you consider will be enough to provide for a comfortable retirement? (survey size=601)

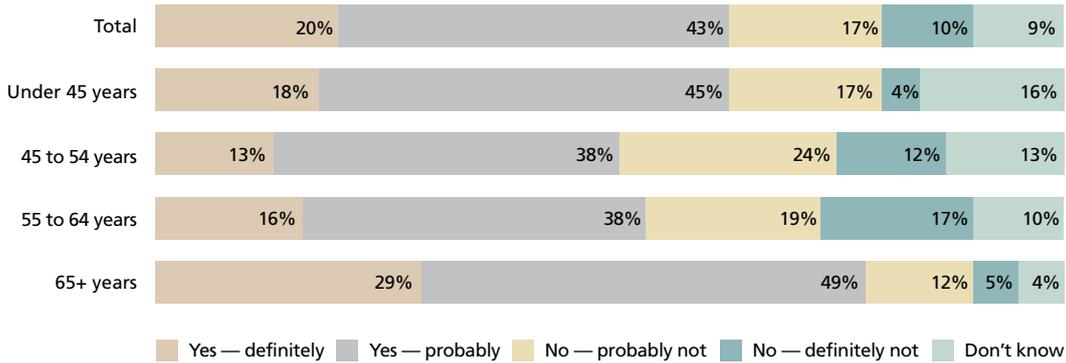


Confidence in SMSF

There was cautious optimism from SMSF holders as to whether their SMSF would provide enough income for a comfortable retirement. One fifth (20%) felt it definitely would, while another 43% said it probably would. Only 10% said their SMSF definitely wouldn't provide them with enough income for a comfortable retirement and 17% said it probably wouldn't, while 9% were unsure.

By age

Q. Given your age, SMSF balance and its performance, do you consider that your SMSF will provide you with enough income for a comfortable retirement? (survey size=601)

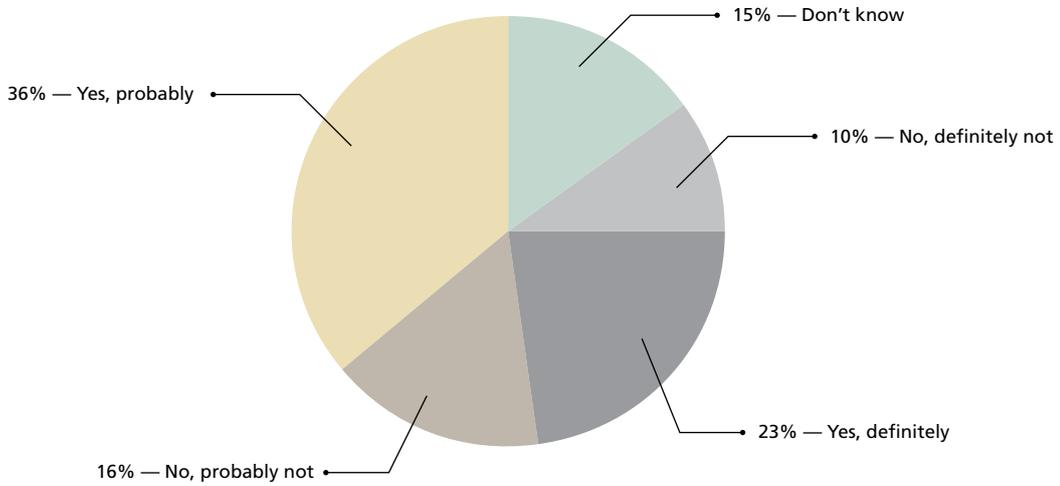


This confidence dips slightly as SMSF holders become older, especially for those 55 to 64 years; where 17% feel their SMSF definitely won't provide for a comfortable income and another 19% say it probably won't. Confidence improves at 65 and with retirement.



Supplementing income outside of SMSF

Q. Have you, or are you intending to, supplement your SMSF with money outside of super? (survey size=601)



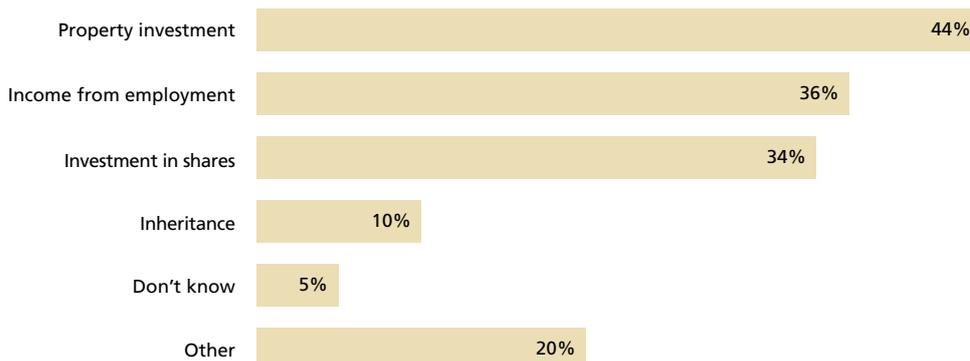
Almost one quarter of SMSF holders (23%) say they are currently or will need to supplement their fund with money outside of super. Another 36% say they will probably have to, while 16% say they probably won't and 10% say they definitely won't have to. Another 15% are unsure.

Interestingly, while older fund holders are slightly more likely to say they won't need to supplement their income, there is no distinct age profile to these responses. Similarly, the size of the fund and indeed the general confidence in it being able to provide for a comfortable retirement seem to have little bearing on the intention or need to supplement their SMSF with other income.

This seems to indicate that there is a general acceptance amongst many SMSF holders that supplementing their income is inevitable, whether it is because they want to or feel like they need to.

As the chart below shows, many of these fund holders are looking to other investments (property 44%, shares 34%), but also to supplement income through employment (36%).

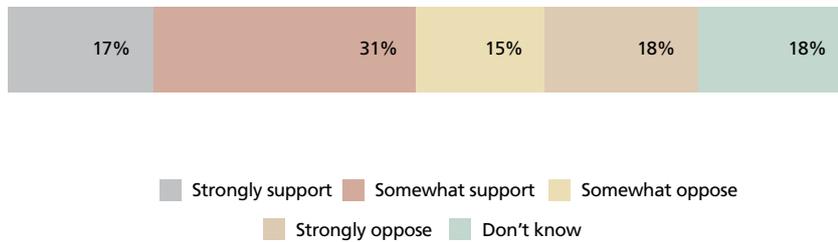
Q. How do you intend to supplement your SMSF funds? (survey size=350, those who have or plan to supplement)



Perceptions of superannuation policy

Defining superannuation

Q. You may be aware that the Federal Government has defined the objective of superannuation as 'to provide income in retirement to substitute or supplement the Age Pension'. Do you support or oppose the decision to define the objective without a reference to adequacy (that is maintaining a reasonable standard of living in retirement equivalent to that achieved while working)? (survey size=601)



There were varying levels of support and opposition to the Federal Government's defined objective of superannuation. The most common response (31%) was to 'somewhat support' the definition of superannuation as 'income in retirement to substitute or supplement the Age Pension without a reference to adequacy'. A further 17% strongly support this definition, while 15% somewhat oppose and 18% strongly oppose. Another 18% were unsure.

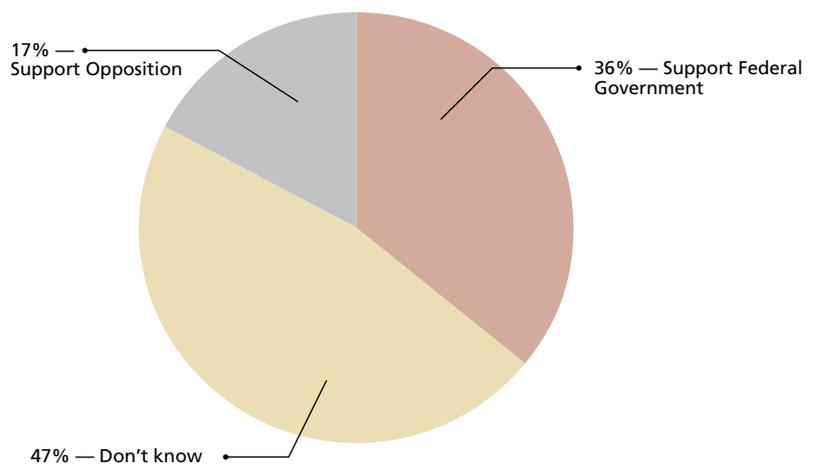
There was no distinct age profile, although SMSF holders with funds of \$1 million or more were more likely to strongly support the definition (28%).

Support for policy

Awareness of the Federal Government and Opposition's positions on superannuation was generally low, with almost half the sample (47%) unable to offer an opinion. However, the Federal Government's position did garner twice the level of support to that of the Opposition's (36% to 17%).

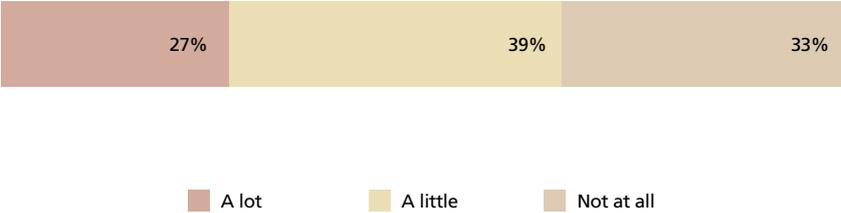
Those 65 years and older were more likely to support the Federal Government's position (44%), as were those with funds of \$1 million or more (48%).

Q. Do you support the Federal Government's current position on superannuation or the Opposition's? (survey size=601)



Influence on voting preference

Q. How much influence does superannuation policy have on you when deciding which party to vote for in Federal Elections?
(survey size=601)



Superannuation policy was an important election issue for just over a quarter of respondents, as 27% said it had a lot of influence on their voting decision. For 39% it had little influence, while one third (33%) said it had no influence.

There was no distinct age profile, although SMSF holders with funds of \$1 million or more were more likely to say superannuation policy had a lot of influence on their voting decisions (37%).

Appendix 1 – Methodology



A national online survey amongst survey size=601 SMSF holders was conducted between the 4th of November to the 23rd of November 2016. The aim of the survey was to quantify the attitudes and behaviours of the SMSF market and to track results from previous studies in 2015 and 2014.

Sampling approach

- Target audience: a nationally representative sample of SMSF holders;
- Respondents were sourced from leading quality-assured online and telephone panel provider, AFS;
- Quotas set in line with SMSF member age and gender profiles from the ATO's Self-managed super fund statistical report – June 2015;
- A sample size of n=601;
- Margin of error: +/- 4.0% at the 95% confidence level for a 50% result (i.e. if we obtain a result of 50% from a particular question in the survey, this figure could be as low as 46% or as high as 54% at the 95% confidence level);

Appendix 2 contains a breakdown of the sample by key demographics.

Questionnaire

The survey was designed to understand the following about SMSF holders:

- Demographic profile;
- Fund profile;
- Reasons behind their decision to start an SMSF;
- Contribution and draw down activity;
- Expectations on savings amount and SMSF balance for a comfortable retirement;
- Support for superannuation definitions and policy positions;
- Future planning.

See Appendix 3 for full copy of the questionnaire used.

Weighting and analysis

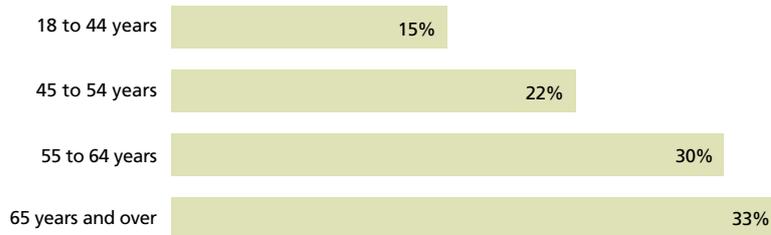
The final sample was weighted back to the ATO SMSF holder profile by age and gender. The survey data were analysed using Q software.

Appendix 2 – Survey sample profile

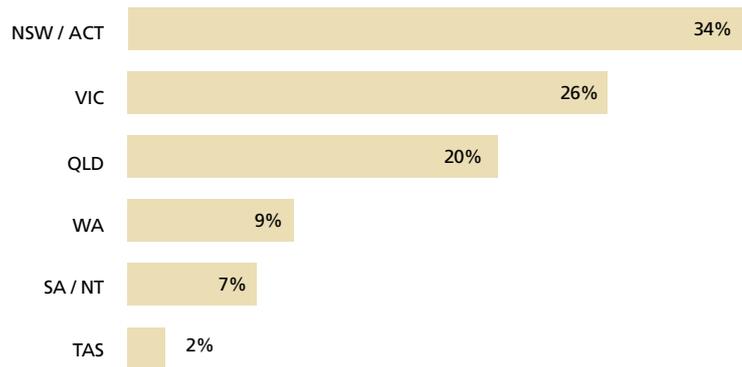
Gender



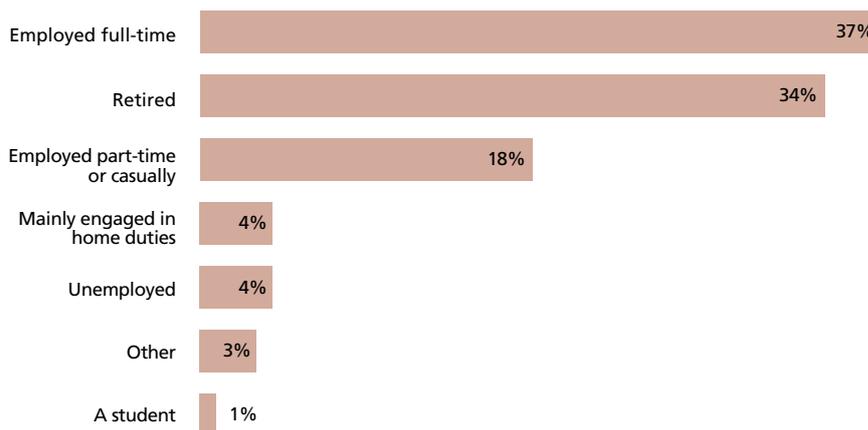
Age



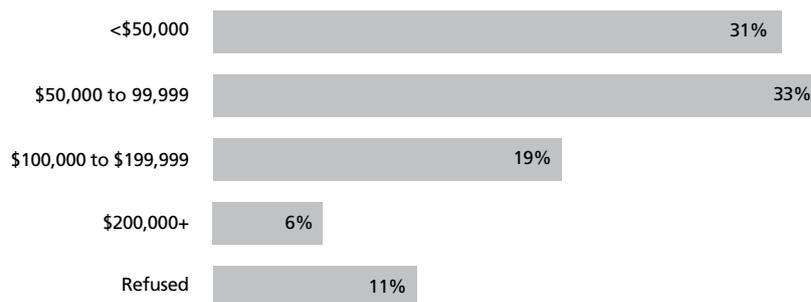
State of residence



Employment



Personal annual income



About this report

The Self Managed Super Funds National Survey was conducted by KREAB Research, a division of KREAB, advisers on corporate, financial and public affairs worldwide.

This report presents the findings from the current 2016 study and compares these results to the and 2015 and 2014 surveys where possible.

For some questions, percentages may sometimes not add to 100% due to rounding.

In preparing this report, we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner. It is important to understand that while we have

sought to ensure the accuracy of all the information incorporated into this report, information has been gathered through a sample based survey of the population is therefore an estimate of community sentiment.

Where we have made assumptions as a part of interpreting the data incorporated in this report, we have sought to make those assumptions clear. Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using our report as the basis for your decision-making. We are more than happy to discuss this analysis.

This project was conducted in compliance with AS: ISO20252:2012 guidelines.



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