

Types of fees

Rainmaker Information's Total Expense Ratio (TER) estimates the percentage of your account that's eaten away by fees, based on four groups:

- ▶ **Getting-in fees:** also referred to as contribution or rollover fees. You may pay a getting-in fee every time you make a contribution to your account.
- ▶ **Ongoing fees:** including asset administration, management, trustee services, custody and premium-service fees.
- ▶ **Member fees:** not-for-profit funds call these administration charges but master trusts refer to them as policy, member or plan fees.
- ▶ **Investment fees:** these are paid to investment managers rather than the fund itself.

The graph below illustrates how the number of investment choices influences a fund's fees.

Step three: watch the bottom line

Many super funds have performed very poorly in the last few years, even producing negative returns. These results were largely due to the 2000-02 share market crash — many managers had investments in international shares just before they slumped. How does your fund stack up?

Credit where credit's due

Many consumers find it hard to gauge the impact of fees on their super returns.

One way to do this is to look at a fund's crediting rate. This figure shows the percentage of your share of the fund's profits deposited to your account after fees, costs and taxes have been deducted. It shows how much you're actually getting, instead of how much the fund has earned before creaming off its various fees and charges.

Funds X and Y might both report performance returns of 9% for a given period before fees and taxes. If fund X takes 3% in fees and other charges, your crediting rate is 6%, but if fund Y takes out only 1% (crediting 8%), you're clearly better off with fund Y.

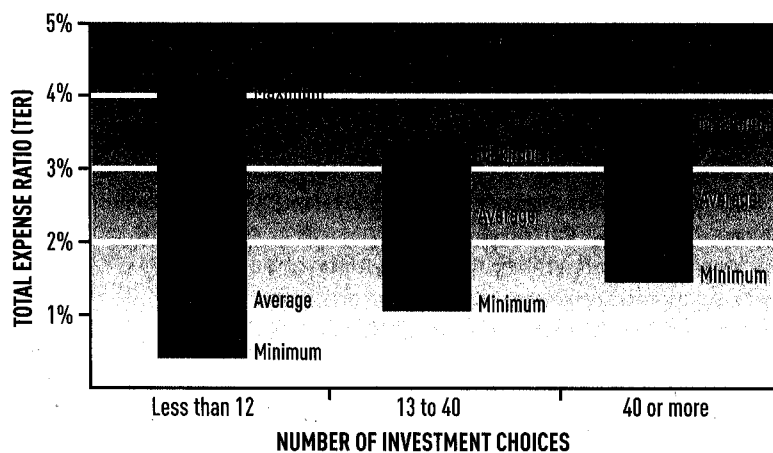
Table 2 (below) shows the range of crediting rates for the three main categories of investment options over

TABLE 1: Super fund fees. What's normal? How do they work?

Fee Type	How Calculated	Who Pays	Frequency	Min	Average	Max
Getting-in fees	Percent of each contribution	Your financial planner	Yes	0%	1.40%	6.00%
Ongoing fees	Percent of your account balance	Your fund	Yes	0%	0.70%	2.70%
Members fees	Dollars per month	Your fund	Yes	\$0.00	\$4.54	\$10.42
Investment fees	Percent of your account balance	The investment manager	Not usually	0.15%	0.56%	1.20%

SOURCE: Rainmaker Information (www.selectingsuper.com.au)

Fees you are likely to pay



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TABLE 2: Crediting rate benchmarks for 2003

Category	Max	Average	Min
Growth	5.4%	-2.9%	-17.9%
	11.1%	-0.9%	-13.4%
	9.3%	3.4%	-4.6%
Balanced	12.4%	-1.3%	-7.9%
	12.5%	-0.1%	-6.5%
	13.2%	3.6%	-0.5%
Capital stable	9.3%	3.1%	-5.8%
	11.0%	2.8%	-3.7%
	9.2%	3.9%	-1.8%

SOURCE: Rainmaker Information (www.selectingsuper.com.au)