

# **MEDIA RELEASE**

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## SelectingSuper

### **SUPER FUND FEES – what they buy and what they don't**

SelectingSuper, a division of Rainmaker Information, today released its 2003-04 super fund benchmark fee survey.

The major findings are that super funds charge average fees of around 1.5%, including the getting-in (aka contribution) fees, ongoing fees, member fees and investment fees. But the thing to remember is that fees can vary considerably depending upon what type of fund you are a member of and what fee deal you have agreed to.

Rainmaker Information's director of research, Alex Dunnin, says "the Rainmaker-SelectingSuper fee survey found no relationship between overall super fund investment returns and total fees. However the survey confirmed a much stronger relationship between fees and the number of investment options offered by a super fund".

According to Mr Dunnin, "this means when employers and consumer choose their super fund, they should think about how sophisticated they want the investment menu to be".

To help promote this thinking, Rainmaker and SelectingSuper group super funds into 'value choice' funds with up to 12 investment options, 'deluxe choice' funds with between 13 and 50 investment options, and 'premium choice' funds with more than 50 investment options.

Value choice funds tend to be industry funds, deluxe choice funds tend to be those sponsored by financial institutions, and premium choice funds tend to be those operated by financial planning groups.

Mr Dunnin also says "these days superannuation is very competitive and many funds will often discount their fees considerably, particularly for employers choosing a super fund for their company." This means that while fees may average 1.5%, employers may be able to negotiate a much better deal.

So how do these fee discounts work? Funds can all but waive their getting-in and member fees while more than halving their ongoing fees. Indeed, says Mr Dunnin, "some employers may be able to negotiate a deal so sharp that they get a 'premium choice' fund for a 'value choice' price".

The Rainmaker-SelectingSuper survey also found that in most modern super funds, particularly those aimed at employers, many members are paying very low getting-in fees while their exit fees are so low they generally only cover the fund's administration costs to make the payment.

Mr Dunnin says "this suggests that calls to ban entry and exit fees, while likely to be well received by consumers, may in reality not have much impact on modern super funds because most are moving away from these fees anyway".

The survey is part of Rainmaker's SelectingSuper service which comprises an integrated suite of services to help employers and consumers understand, choose, and monitor their superannuation and super funds.

SelectingSuper is made of a unique reference handbook, a fully integrated website, and employer and consumer services ranging from consumer report cards, fund briefing snapshots, market assessment reports policy committee reports and extends to full tender management services and quality ratings of super funds.

**MORE INFORMATION:**  
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