

# Rainmaker offers clear comparisons

Choosing a superannuation fund can be a daunting task, what with the varied fees, features, services and investment returns. **Simon Hoyle** reports.

It might come as a surprise that the best performing superannuation fund over the five years to June 30 was the NSW Bookmakers Super Fund. It returned about 12.3 per cent a year. But while that fund gave the strongest investment returns, it was not so highly rated when it came to fees, investment flexibility and insurance options.

If you are a member of a super fund until now you have had no way of knowing how your fund stacks up against other funds. And if you have needed to choose a new super fund to join, you have had the same problem.

You may have to choose another fund because you change jobs, or if your employer decides to outsource its existing superannuation.

Sorting out what is value for money and what is overpriced has been the real challenge.

Rainmaker Information Services has for the past decade provided information about super funds to the funds themselves and to employers. It is now making its information available to fund members.

It has launched Selecting-Super Report Card, which provides information on all funds on the same template, so direct comparisons between funds are possible.

Rainmaker managing director Chris Page stresses that his company is not in the advice business. The final decision on which fund is better lies with the individual.

Page says Rainmaker provides factual information in a way that allows comparison

## SELECTING SUPER'S BEST OF THE BEST

|   |  |
|---|--|
| Most investment choices                                 | Asgard   |
| Performance 5 years                                     | NSW Bookmakers Super Fund                            |
| Performance for default options (industry funds) 1 year | HOST-PLUS  |
| Performance for default options (master trusts) 1 year  | AMP Flexible Lifetime Super                          |
| Investment option across all funds 5 years              | United Funds Management Super Choice                 |
| Fee deal (all funds)                                    | CoalSuper  |
| Fee deal (industry funds)                               | Aust Retirement Fund                                 |
| Fee deal (retail master trust)                          | OAMPS  |
| Fee deal (corporate master trust)                       | AMP CustomSuper                                      |
| Death only insurance 30-yr-old                          | First State Super (NSW)                              |
| Death only insurance 40-yr-old                          | Victorian Independent Schools Super Fund             |
| Death only insurance 50-yr-old                          | Queensland Independent Education and Care SuperTrust |

SOURCE: SELECTINGSUPER.COM.AU - RAINMAKER INFO

between funds. It has distilled the selection criteria down to five: investment returns, investment flexibility, fees, insurance and extra services.

The focus is on managed fund fees at the moment but the report card makes it clear that fees are only one dimension of a fund. It's unwise to pick a fund purely on its past performance, but it's just as unwise to plump for a fund because it's cheapest.

You get what you pay for, essentially, and the fees that a fund charges go to cover the services and features it offers.

So if a wide range of additional services is what

you're after, or comprehensive insurance, or a wide selection of investment options, you should expect the fees and charges to be greater than for a fund that offers fewer or inferior services.

"The argument has been reduced to 'cheap is good and expensive is bad' and that's completely false in our view," Page says.

"To us, it's all about understanding what you pay for and (deciding whether) it's good value. If you want lots of choice, it costs lots of money. If you don't want choice, clearly it would be silly to be in a fund and paying for choice when you don't need it."

The SelectingSuper Report Card helps to pinpoint whether you're getting value for money (compared to other funds). The accompanying table shows the super funds that rate best on a range of different criteria.

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CHRIS PAGE, Rainmaker Info Services

"Over the last few years we've been trying to look at different super funds," says Alex Dunnin, Rainmaker's director

of research. "The starting point has usually been the funds' investment returns. When you look at investment returns, you start having to look at fees.

"We then started to notice about three years ago that a lot of funds seemed to be offering insurance, and we started to wonder how those insurances compared. Then we started looking at what we call extra services."

Dunnin says the next question was whether there was some way to distil all this into a simple format. The idea for the report card was born.

A flow-on from Rainmaker's service is that it provides key information that is clear and easy to understand, which will meet one of the key objectives set out by ASIC. When ASIC was developing its fee disclosure model it looked into the standards of fee disclosure among managed funds and found that structures were complicated, inconsistent and tended to obscure the real level of costs and charges.

While the funds themselves might not provide information clearly or consistently, the method that Rainmaker has developed for uncovering and reporting the information it deems to be important means all funds can be compared on a like basis.