

# SMART MONEY

THE SMART INVESTOR **BARRIE DUNSTAN**



**Chris Page:**  
comparative data on  
super funds is now  
available.

Photo Rob Homer

## Method for comparing funds smooths road to super choice

A new report card makes it much easier for consumers to research and rate a range of super funds.

**F**or several years, many people have had a vision of superannuation becoming the ultimate consumer product, with Australians being able to shop around for the best fund just as they can for a home loan, credit

Information group is putting its ratings and investment research know-how to work to enable consumers to compare funds or assess how their own fund ranks.

The Super Report Card will be available on the Rainmaker superannuation ratings site

until retirement and so on) before getting a personalised report on their fund situation. And yes, it will cost money – \$49.95 (including GST), says Rainmaker's managing director, Christopher Page.

The service aims to explain

And it dissects the performance of any individual options in the portfolio, shows the asset allocation (and the returns from each sector), the managers used in various options (and their overall ratings), and whether the fund beat the market in the past year.

Perhaps the most interesting section is the fees section, given the disclosure model outlined in the past week by the Australian Securities and Investments Commission. Rainmaker has developed its own model and appears to have found a way of taking the ASIC-recommended approach a step further.

Rainmaker has refined the fee format to show who gets what part of the total fees, before calculating a one-figure, total dollar amount of fees the member is paying.

More importantly, it calculates this as a percentage of the account balances – and then relates it to the average level of fees (sourced from the funds management industry body). The report card then calculates what the fund member would pay at the industry average and adds: "If you paid more this year, then you should be getting paid more."

can be used for a home loan, credit card or refrigerator.

This concept is behind the federal government's push to introduce choice of fund to allow consumers to choose whichever fund they want. The theory is that if people can shop around to buy their own home, car or refrigerator, they can do the same for superannuation.

Whether a superannuation fund can be compared with a refrigerator and whether the average consumer can be turned into a smart investor capable of shopping for the best super fund have been largely academic until now because of the lack of any widely available method of studying and comparing competing funds.

But now that is changing, as more information on super funds and their performance becomes as publicly available as a lot of the data on wholesale and retail investment products.

The well-established Rainmaker

superannuation ratings site ([SelectingSuper.com.au](http://SelectingSuper.com.au)) and will provide a four-page report on a range of widely used superannuation funds.

Consumers will need to give some details (their fund, some personal details, their current account balance and salary, time

The service aims to explain things in a jargon-free way.

The approach also will give consumers an outline they may be able to use to gather other information to study competing funds if they are thinking of changing fund.

Page emphasises that the report

## THE BEST OPTIONS IN SUPERANNUATION

### For one year

Best performing Industry

fund default option:

HOST-Plus

Best performing master

trust default option:

AMP Flexible Lifetime Super

### For five years

Best performance:

NSW Bookmakers Super Fund

### Fees and Options

Best invest option -

all funds:

United Funds Management

Best fee deal (all funds):

Super Choice

Best fees (industry funds):

CoalSuper

Best fees

(retail master trust):

OAMPS

Best fees

(corporate master trust):

AMP CustomSuper

Most investment choices:

Asgard

Source: [SelectingSuper.com.au](http://SelectingSuper.com.au) - Rainmaker Information



card is simply a tool to answer questions posed by consumers; it isn't giving advice, recommending funds or advising people to leave or join.

It merely describes the fund and provides an assessment of where it sits with other funds.

The report card's overview will give details of the member's fund transactions, their insurance cover and a tabular and graphical projection of their balance at retirement age. This includes what annual pension the benefit could provide and what this represents as a percentage of salary at retirement (which may be a salutary experience for many people).

The assessment also contains a page on the fund's performance over one, three and five years, with comparisons against a benchmark.

An expanded executive property section and the Smart Art column can now be found in the Life & Leisure liftout.

getting good investment returns, extra services and special features in your super fund."

This assessment neatly summarises the complex situation of fees: members see only the level of money going out of their account, while fund managers and administrators see only the features and services they are providing to members.

The report provides a graph, projecting the account balance out to the member's retirement age and showing what the balance could be if the member paid the industry average fee rate.

This approach is perhaps one way of emphasising to super fund members that their final benefits do depend quite a lot on the level of fees they are paying. Getting some agreed method of showing this to consumers is one of the several outstanding items in the industry's continuing saga of fee disclosure. Other features in the report card include details of the insurance cover offered, including the annual premium rates.

More importantly, it will be able to point out to members whether the fund's insurance coverage is competitive with other funds - or, indeed, whether the insurance cover is saving them money.

In an industry often obsessed with ratings, the Rainmaker service also will give the group's rating of the fund, ranging from AAA (exceptional quality) through AA (very good quality), A (good quality) to B (below standard fund). Funds that do not provide sufficient information are given a "not rated" status.

Page says Rainmaker's database should be able to meet most consumers' requests for a fund rating; the group has details and ratings on "most mainstream" funds. It doesn't cover defined benefit funds or the old legacy products left over from the large life offices.

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