



a RAINMAKER INFORMATION Service

SELECTING SUPER

FUND QUALITY ASSESSMENT 2019

*Independent quality assessments
and market wide comparisons*

**RAINMAKER
INFORMATION**

INDUSTRY INTELLIGENCE

Level 7, 55 Clarence St, Sydney NSW 2000 | P 02 8234 7500 | F 02 8234 7599

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Helping Australians ensure that one of their biggest choices is the right one.

With so many superannuation products and options available, how do members make a selection that will benefit them in the long term?

The Rainmaker SelectingSuper AAA Quality Assessment is powered by over 25 years of research and is a reflection of a fund's quality and outstanding results. When selecting a superannuation fund, members should look for this logo.

AAA QUALITY ASSESSMENT

The Rainmaker SelectingSuper AAA Quality Assessment is a review of the quality of a superannuation fund's features and results. It is an independent stamp of approval by one of Australia's leading financial services research companies, Rainmaker Information.

The certification is a tick of recognition indicating a super fund delivers on its promises. Members must then search for a fund that delivers the features, offers and services that they desire the most.

SelectingSuper is an information portal researched by Rainmaker Information and has been reviewing super funds since 1992. Rainmaker is an industry leader making sense of, judging and assessing super funds and financial services. The research techniques developed by Rainmaker are now widely used across the industry and are also taught in Australia's universities. Rainmaker advises Government, industry regulators and associations and has relationships with major market regulators and consumer groups.

Each year Rainmaker provides information and comparisons about investment performance, fees, insurance and extra benefits to dozens of national publications operated by media groups including Australian Consolidated Press, Fairfax Newspaper group, News Limited and Macquarie Publishing.

AAA FUND QUALITY ASSESSMENT

There is only one level of Assessment Quality Rating, being AAA.

To achieve the AAA standard a super fund must demonstrate an ability meet an exceptional standard of quality across a number of different criteria indicators.

In doing so, this means the fund has passed a comprehensive range of "best practise" measures and benchmarks across:

- > Administration
- > Communications and engagement
- > Extra services
- > Fees and charges
- > Insurance
- > Investments
- > Organisational Strength

The philosophy behind the Rainmaker SelectingSuper AAA Quality Assessment is the way we recognise what makes funds different: the different groups of members they serve, the investments they offer, fees they charge, their product features, their extra services, and the way each fund operates.

These dimension are then reflected in the specific criterion used to evaluate each superannuation product.

CRITERIA

The Rainmaker SelectingSuper AAA Quality Assessment reviews the following features separately and then integrates the outputs into a combined quality assessment rating.

INVESTMENTS

The true measure of investment performance is what is delivered into a member's account each and every year – investment returns after all costs, fees and taxes have been deducted.

The investment assessment reviews the entirety of the investment mix including the investment menu and its outcomes as well as the quality and credibility of the investment managers. Rainmaker's analysis places heavy emphasis on the investment outcomes of the product's default MySuper and diversified investment options and returns over the medium to long run.

Lifestage investment options are assessed against their age cohort peers using demographic specific benchmarks.

Rainmaker's investment assessments don't just examine nominal outcomes either, they compare funds against their peer groups, objectives and where appropriate by also taking into account how effectively they manage investment risks.

INSURANCE

Nearly all super funds now offer at least some form of insurance, be that death and TPD (Total & Permanent Disability) insurance, death-only insurance or income protection insurance. In fact, for many employers and members choosing a super fund, insurance is nearly as important as investment performance itself.

However, it is no longer enough to just offer insurance as the insurance must be reasonably priced, well explained and flexibly designed to suit the needs of fund members.

FEES AND CHARGES

Rainmaker analyses superannuation fees and charges in several ways:

- > Firstly, through after-fee returns, or crediting rates, which are the investment returns net of fees and taxes.
- > Secondly, through the cost of insurance premiums.
- > Finally, in relation to the flexibility of the investment menu, insurance choices and extra services provided.

This means Rainmaker doesn't just simplistically rate a fund's fees as good because they are low or bad because they are high. It's more important to know what members receive for the fees they pay. It's also important to recognise that fees impact members differently depending on their life stage.

In any case, funds that may seem expensive at face value can actually offer heavily discounted fee deals, thus making them surprisingly cost competitive, depending of course upon the customer and how they interact with the fund.



The true measure of investment performance is what is delivered into a member's account each and every year — investment returns after all costs, fees and taxes have been deducted.

EXTRA SERVICES

On top of the retirement peace of mind good super funds can provide, the best super funds also offer their members a competitive list of extra services. These can span shopping, entertainment and travel discounts, insurance, financial planning, home loans and education savings plans and access to extra investment services like your own share trading account. This is why, when looking for your ideal super fund to join, you should look at the whole fund. Great super funds deliver more than just great investment returns.

ORGANISATIONAL STRENGTH

You will be a member of your super fund for years and even decades. How do you know you can trust the you the organisation that runs it? Are they credible, do they have the necessary expertise, are they trustworthy?

To assess a super fund it is therefore important to assess their corporate depth and experience and understand the network of service providers they rely on including their investment managers, asset consultants, custodial, legal, administration providers.

ADMINISTRATION

High quality administration is one of the most visible differentiators between super funds. Are your contributions, investment returns and insurance properly processed, are your fund's tax liabilities properly managed? A fund's administration is more than just the call centre and website.

COMMUNICATIONS AND ENGAGEMENT

Superannuation can be a complex product, and this makes communications crucial. How often does the fund talk to its members? Are fund documents understandable? Are all fees and charges fully explained in language that real people can understand?

Does the funds follow industry best practice and government rules and guidelines? Does the fund's website make sense? Is the fund open about how it's performing, or does it keep secrets? Can employers and members easily contact the fund? When is the call centre open, does the fund offer online chat? How smoothly are any problems with members handled?



SelectingSuper doesn't just simplistically rate a fund's fees as good because they are low or bad because they are high. Instead, the more important thing is what members receive for the fees they pay.

Assessment criteria framework

INVESTMENTS

Menu	Full details of investment choice menu PDS investment booklet
Performance	Performance history of each investment option (at least 5 years where applicable) Details of tax and fee status of all performance figures Details of lifestage cohorts and age triggers where applicable
Process	Details of investment processes, fund manager selections and mandates Use of asset consultants Multi manager processes and internal management

PRODUCT DETAILS

Insurance	Insurance types offered including death, TPD, and income protection Premium costs and default coverage Variations by age, occupation risk, gender and industry
Fees	Details of administration fees Details of investment fees and indirect costs Advice fees

Assessment criteria framework

ORGANISATION AND SERVICES

Company	<ul style="list-style-type: none"> Company structure, trustee board, and senior management Fund compliance, regulatory licenses, and asset custody Service providers and outsource management Size of fund, members, geographic footprint Complaints history and resolution
Administration	<ul style="list-style-type: none"> Administration systems and transaction processing Service centres and operations Administration and investment flexibility for members
Communication	<ul style="list-style-type: none"> Latest Product Disclosure Statements and Annual Report Details of discounting arrangements Member/employer newsletters Member statements Seminars and education programs
Services	<ul style="list-style-type: none"> Financial planning and advice services Additional services and products offered to members and employers

DISCLAIMER: SelectingSuper Fund Quality Assessments review a super fund against a combination of industry best practice benchmarks and the wider market. The Quality Assessment takes into account research and opinions using a mixture of both quantitative and qualitative assessments. The Quality Assessments are not statements of future performance and do not constitute specific investment or financial advice.

www.selectingsuper.com.au

7