1 August 2012

Default Superannuation Funds in Modern Awards
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne vic. 800311111

By Email: default.super@pc.gov.au

Dear Sir/Madam

Response to Default Superannuation Funds in Modern Awards Draft Report

The Actuaries Institute is the sole professional body for actuaries in Australia. It represents the interests of over 3,800 members, including more than 2,000 actuaries.

On 13 April 2012, the Institute wrote to the Productivity Commission in relation to the Default Superannuation Funds in Modern Awards Issues Paper. We wish to take this opportunity to make some additional comments on one of the issues raised in the June 2012 Draft Report.

Management Expense Ratio

Section 4.3 of the Draft Report refers to the use of a "management expense ratio (MER)" to compare the costs of superannuation funds. The MER expresses the investment and operating expenses of a fund as a percentage of the fund's net asset value.

We note that the Commission has identified deficiencies with the MER which the Draft Report expresses as follows:

"The MER may not allow a uniform comparison across all funds (Finch 2005), and it will underestimate operating and investment expenses where embedded fees are incurred."

The Institute agrees and also considers that there are a number of other deficiencies with the MER which makes it unsuitable to use in comparing fund costs, including:

1. The MER mixes investment and administration costs. We have previously submitted to Treasury, APRA and ASIC that these costs must be considered separately for a valid comparison. The extent and effectiveness of the investment and operational (or 'administration") services and the associated fees and costs should be considered separately to ensure that a meaningful comparison is achieved. We attach as Appendix A (3 pages), an extract from our submission to the Cooper Review, which summarises the reasons for this conclusion.
2. If the MER approach is used to compare (only) administration costs, expressing these costs as a percentage of the value of fund assets is still unsound. Expressing administration costs as dollars per member would be an improvement because most direct administration fees are currently expressed this way, and a significant part of ongoing administration expenses varies with changes in membership numbers.

Institute of Actuaries of Australia
ABN 69 000 423 656
Level 7, 4 Martin Place, Sydney NSW Australia 2000
t +61 (0) 2 9233 3466 **f** +61 (0) 2 9233 3446
e actuaries@actuaries.asn.au **w** www.actuaries.asn.au

3. The Commission makes it clear that the assessment of a fund should be from the perspective of what is in the best interests of the members. Therefore, the administration costs should only include costs which impact on members' benefits. Hence if an employer is paying all or some of the administration costs then the costs payable by the employer should not be included in the calculation. From an employer perspective, it is appropriate to consider all administration expenses.

To illustrate point 2 above, consider this simplified example.

Assume two funds have an administration fee of $1.50 per member per week and no other administration costs which directly or indirectly impact on members' benefits. Unless there is a difference in service levels, administration costs should not affect the choice between these two funds.

The following table shows how the ratio of administration costs to assets might vary in a particular year for members with different past membership periods.

Past Membership	Average Account Balance ($)	Administration Fee Charged ($)	MER(%)
1 year	2,250	78	3.47
2 years	6,863	78	1.14
3 years	11,706	78	0.67
4 years	16,791	78	0.46
5 years	22,130	78	0.35
6 years	27,737	78	0.28
7 years	33,624	78	0.23
8 years	39,805	78	0.20
9 years	46,295	78	0.17
10 years	53,110	78	0.15

Assume one fund has 20% of members with one year of membership, 60% with 5 years and 20% with 10 years, its MER would be 0.32. Assume the other fund has 30% of members with one year of membership and 70% with 5 years, its MER would be 0.48.

The MER approach suggests that the first fund has lower administration costs even though the funds' administration fees charged to individual members are identical. If dollar cost per member was used instead, this would give the correct conclusion (in these circumstances).

Section 4.3 of the Draft Report points out that: "The average MER of default superannuation funds has consistently trended below that of all superannuation funds (figure 4.2)". The above example demonstrates that this may not be due to lower administration costs. It may merely indicate that default funds, whose members would probably have greater periods of past membership, have higher account balances than non-default funds and hence lower MERs. Whether or not this is actually the case would of course require deeper analysis.

Institute of Actuaries of Australia
ABN 69 000 423 656
Level 7, 4 Martin Place, Sydney NSW Australia 2000
t +61 (0) 2 9233 3466 f +61 (0) 2 9233 3446

The comparison of administration expenses and their impact on members on a sound basis is not easy. The Institute has previously submitted an alternative approach to various enquiries, including the Cooper Review. This alternative approach uses projections prepared by funds on a specified basis illustrating the effect on benefits for say 5 membership periods, which would be included in Product Disclosure Statements. We attach, in Appendix B (5 pages), a further extract from our submission to the Cooper Review which explains this approach. We also attach, in Appendix C (4 pages), a letter we sent to APRA on 13 December 2011 about the form in which useful statistics on administration fee and costs could be collected and published.

Our Recommendation

Having regard to our comments above we recommend the following:

1. Only fees and costs that impact on members' benefits should be considered.
2. The MER approach discussed in the Productivity Commission's Draft Report should not be used in the assessment of fees and costs.
3. The fees and costs associated with investments and the fund's operation should be considered separately.
4. Draft Recommendation 4.3 should be reworded as follows:

"The selection and ongoing assessment of superannuation funds for listing as default funds in modern awards should include consideration of the following:

- The appropriateness of the investment fees and costs charged by the MySuper product, given its stated investment return objective and risk profile; and
- The appropriateness of the operating fees and costs charged to members by the MySuper product given the services provided and the quality and timeliness of those services."

Yours faithfully

Electronic signature removed

David Goodsall
President

Encls: Extract from Institute of Actuaries letter to Super System Review dated 18 November 2009
Standardised Disclosure of Fees and Costs - the Way Forward
Letter to APRA re Annual Statistics for MySuper Products dated 13 December 2011

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APPENDIX A

Extract from Letter to Super System Review dated 18 November 2009

REASONS FOR SEPARATING FEES AND COSTS

INTO INVESTMENT AND NON-INVESTMENT COMPONENTS

[*Five fruit or two apples and three oranges ?*]

The Institute's first recommendation is:

All superannuation fund expenses and superannuation fees and costs which impact on members' benefits should be subdivided into an "investment" component and an "administration" component for all purposes.

Without this it is not possible to give members and prospective members a sound basis for comparing the costs of two or more superannuation funds. To do this effectively, members need to know and consider:

(1) The fund administration fees and costs (and the services provided for those fees and costs), and

(2) The investment fees and costs (and the expected net investment returns) in respect of all the various investment options.

Administration fees and costs and investment fees and costs have different attributes which make it necessary to demonstrate their effect on members in different ways. This can only be done if the fees and costs are subdivided into administration and investment components. The most relevant attributes making subdivision essential are as follows:

ATTRIBUTES OF ADMINISTRATION FEES AND COSTS

1. Administration costs incurred by a fund are usually higher in the year the member is enrolled in the fund (marketing cost may also be significant) and in the year the member receives or commences to receive a benefit. In the intervening years servicing costs are lower and are often not expected to vary much from year to year. Funds seeking to allocate costs between members on an equitable basis reflect this pattern in the way fees and costs are deducted from member accounts. The costs to be met by a member should therefore be measured over the period of membership. As that period is not known in advance, figures for comparison between funds need to be provided for a number of membership periods - five periods are used in the recommended basis submitted.

2. Administration costs often vary according to the level of contribution (and/or the size of account balances) so that costs for more than one contribution level need to be provided for comparison of funds - two contribution levels are used, in the recommended basis submitted.

Institute of Actuaries of Australia
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3. In addition to the above variations in administration costs, the general level of a fund's administration fees and costs can vary from year to year e.g. in the year a major upgrade of the fund's computer administration system is necessary. For a fund operated by an institution the costs charged to members from year to year may be relatively stable as the institution may absorb the fluctuations over a period and make less frequent revisions to the fees payable to the institution by the fund. For a mutual fund, such as the typical industry or corporate fund, the fee may he relatively stable where administration is outsourced. The service provider may absorb the fluctuations over a period. However for a mutual fund handling all or most administration in-house, the costs can vary significantly from year to year. As the fees deducted from members' accounts in any year will differ from the actual costs in that year the difference is typically deducted from or added to investment income for that year. This is disclosed as a positive or negative "percentage of assets" administration fee or cost and may be averaged over say two or three years. (Other funds address this problem by putting administration fees deducted from member accounts into an account and paying administration expenses from that account. If the amount in the account is not sufficient, administration fees have to be increased. The current balance in the account may be disclosed in the PDS.)

ATTRIBUTES OF INVESTMENT FEES AND COSTS

1. Investment costs vary significantly (and reasonably) for different types of investment, typically being higher for growth investments such as shares and property. Accordingly costs must be disclosed separately for each investment option offered by the fund. For a master trust or similar offering a choice of investment manager as well as a choice of investment types, the number of options can be very large.

2. Investment costs for a particular investment type or option are not expected to vary much from year to year as a percentage of assets (except for performance fees). Accordingly it is usually sufficient to provide fees and costs for a single year for a valid comparison of funds.

Some have suggested it would be easier for members if the level of investment and administration fees and costs could be illustrated using one combined figure for the fund. This would be done by using only the investment cost for one investment option being that for a "balanced investment option". First this would not overcome the need for separate administration costs for different membership periods and different contribution levels. Secondly there is no such thing as a standard "balanced investment option". Some might include the same proportion of share investments but use different proportions of Australian and International shares. Some include infrastructure assets while others do not. Some might include a higher level of passive investments in the example used in the PDS and reduce or even exclude any active investments from the example. Some funds do not even have an investment option which could be regarded as a balanced investment option. Two funds could have the same basic fees and costs for their administration but the figures in the PDS could be very different because of the asset-mix used to calculate the cost for the "balanced option". While it would be simple to have just one figure it could be misleading and therefore may lead to the selection of a fund that does not best meet a person's requirements.

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t +61 (0) 2 9233 3466 f +61 (0) 2 9233 3446

Cost is not the only factor to be taken into account in selecting a fund. Different people want a different range of administration services. A person in stable employment and not close to retirement may only need basic administration services. A person who changes jobs frequently or is self employed or retired may have very different requirements. Likewise some want access to a wider range of product features (such as contribution, insurance, disablement and pension alternatives) and investment choices.

Having separate figures for administration and investment costs is not only more accurate for comparison purposes but makes it easier to select a fund providing the administration services required and the desired range of investment options.

The basis for disclosure submitted makes it easier for members and prospective members, not by compromising on the validity of the fund comparison but by using two simple tables, one for administration and one for investment. Also, where the administration element has more than one fee and cost component, the third step of the suggested disclosure regime avoids the need for the person to understand how each administration fee or cost component is calculated. It is the aggregate effect of these components as shown in the table which the person needs to know.

A beneficial consequence of the separation of fees and costs into "investment" and "administration" is that the unnecessary and confusing terms "management costs" and "other management costs", which are currently specified in Corporations Regulations, can be dispensed with.

Splitting the fees and costs is consistent with the definition of "net earnings" in Corporations Regulation 7.9.01. Also, in the United States new legislation was recently passed which requires 401k plans to separate their fees into administration and investment management components. Our recommendations are consistent with overseas developments.

We believe that separation of administration fees and costs from investment fees and costs is not difficult. Trustees will usually know the investment component of fees and costs, or can make a reasonable estimate. In practice, we believe that many trustees will already be regularly making a subdivision of these costs as part of normal internal supervision of the costs of operating the fund. Guidelines could be issued to clarify some details and achieve consistency.

Institute of Actuaries of Australia
ABN 69 000 423 656
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t +61 (0) 2 9233 3466 f +61 (0) 2 9233 3446

Standardised Disclosure of Fees and Costs - the Way Forward

[Updated November 2009]

The first version of this note was published in the August 2003 edition of *Actuary Australia*, the monthly magazine of the Institute of Actuaries of Australia. To take into account refinements suggested by various industry participants an updated version was published in the May 2004 edition of that magazine and another was included in our April 2007 submission to the Parliamentary Joint Committee on Corporations and Financial Services. For this November 2009 update we have incorporated some changes resulting from the work of the Institute of Actuaries Benefit Projections Working Group (of which Colin Grenfell and Ray Stevens are members) for its submissions to ASIC on benefit projections.

To help consumers compare different superannuation plans and products requires some standardisation in the way that fees, charges and costs are disclosed in Product Disclosure Statements (or PDS's). In fact, the same can be said of any product with an investment component, such as a managed fund or a life office or friendly society investment-linked policy or bond.

Just over ten years ago, Colin Grenfell wrote an article "KFS Disclosure - no easy matter" which was published by the Association of Superannuation Funds of Australia (ASFA) in the December 1998/January 1999 edition of SuperFunds. The article summarised the then public views on fee disclosure as expressed by the Liberal-National Coalition, the Labor Party, the Australian Securities and Investments Commission (ASIC), the Industry Funds Forum and others.

The article also noted that the Institute of Actuaries of Australia recommended that:

(1) Investment performance should be reported net of tax and investment transaction costs and net of all investment costs.

(2) Key Features Statements should include a brief description of all fees and charges.

(3) In addition there should be some form of analysis of the impact of fees and charges which should focus on all non-investment fees and charges.

(4) The impact of these fees and charges should be shown net of employer subsidies but should include any costs in excess of fees and charges which impact on members' benefits.

The authors of this note believe that these four recommendations reflect sound principles that remain valid today.

The authors note that the Institute's principles include the need to show separately the effect of investment fees and costs and of non-investment (or broadly administration) fees and costs. The authors consider this split is essential for a sound comparison of funds. The split also facilitates member investment choices. It is noted that the Report commissioned by ASIC from Professor Ian Ramsay, released in September 2002, recommended that investment and administration fees should be separated. Investment fees and costs would be defined consistent with Corporations Regulation 7.9.01 which refers to "... relating to the management of investment of fund assets".

In our previous work we have referred to non-investment fees and costs as "administration" fees and costs. The early material issued by the Cooper Review seems to have expressed a preference to call these non-investment fees and costs "superannuation" fees and costs rather than "administration" fees and costs. This is an innovative and very appropriate proposal which we support provided the new terminology is mandatory and clearly specified in regulatory guidance and/or legislation. We have therefore amended the terminology in this update to allow for this preference.

The August 2003 and May 2004 articles explain the background and relevant events since 1998. A further article in August 2005 expands on recommendations (1) and (3) above.

What happens next?

We suggest that the way forward should include the following three level fee and cost disclosure framework:

1. At a glance

This component of the framework would summarise the existence of various fees and costs using standardised terminology, order of contents and grouping. For example;

INVESTMENT		SUPERANNUATION	
Ongoing fees	*Yes*	Initial fees	*No*
Ongoing extra costs	*Yes*	Ongoing fees	*Yes*
Switching fees	*Yes*	Ongoing extra costs	*Yes*
Buy-sell spread	*Yes*	Benefit fees	*Yes*
		Exit fees or penalties	*No*

OTHER		
	Any other fees or costs?	*No*
	Are any dollar fees indexed	*Yes*
	Are fee rates expected to increase in the next 5 years?	*No*
	Are some tax deductions withheld?	*No*

2. Brief description

This component would be similar to the brief descriptions of fees and charges used in Member Booklets and some PDS's, but there would be a few important constraints. For example;

- Must include brief descriptions of how each of the above "*Yes*" responses is calculated and charged.

- Must start a new paragraph for each fee or cost.
- Must be in the same order as the first component and use the same grouping.
- Must briefly describe the services provided.
- Must use standard terminology similar in style and depth to the requirements of Corporations Amendment Regulations 2005 (No. 1) but, primarily as a consequence of the separation of fees and costs into "investment" and "superannuation" components, without the unnecessary and confusing terms "management costs" and "other management costs".

3. Impact of fees and costs

This third and final component would replace the current Corporations Regulations "example of annual fees and costs". Like the current example it would exclude service fees. It would have two distinct parts, one for Investment fees and costs and one for Superannuation fees and costs. For example;

INVESTMENT

For each investment option, list:

(a) the ongoing net of tax fees and extra costs as a single annual dollar amount per $10,000 of average assets (eg. if fees were .44% net of tax and the only other investment costs were Consultant's fees of .09% net of tax, then list $53 per annum for this option), and

(b) the buy-sell spread (if any) and state whether this margin is paid to the fund manager or left in the fund for the benefit of other members.

SUPERANNUATION

A standardised superannuation fees and costs projection (similar to that now required in the United Kingdom) for at least two levels of contributions. This is probably the most important part of the framework.

This part includes the following five columns for initial annual contributions of $5,000 and $10,000 respectively:

(1)	At end of years	2, 5, 10, 20 and 40
(2)	Total paid in to date	3 or 4 significant figures
(3)	Account balance without fees and costs deducted	3 or 4 significant figures
(4)	Effect of fees and costs to date	2 or 3 significant figures
(5)	Account balance with fees and costs deducted [= (3) - (4)]	3 or 4 significant figures

The Institute of Actuaries of Australia's 6 November 2008 response to ASIC Consultation paper 101 suggested, in its answer to Question 4 in Section B5 (page 30 of the response), how the two contribution levels in 3. above should be determined from time-to-time. The Institute suggested that they should be based on the future SG rate (and any soft compulsion rate of member contributions) applied to say 75% and 150% of an average weekly earnings figure (annualized) with the resultant annual contributions rounded to the nearest $1,000 and $2,000 respectively. For example, if average weekly earnings were $1,300 and the SG rate were 9%, then:

- Lower standard contribution = $1,300 x 0.75 x 52 x 9% = $4,563 = $5,000
- Higher standard contribution = $1,300 x 1.50 x 52 x 9% = $9,126 = $10,000

Sample Product Disclosure Statements

Two sample Product Disclosure Statements, which reflect the principles that we consider should apply to fee and cost disclosure, have been prepared and can be supplied if required. One sample is for a hypothetical Retail superannuation fund and the other is for a hypothetical Industry plan named "ZIS". (They have not been updated to reflect legislative or taxation changes since 2004.)

The next page is an extract from the latter PDS to illustrate the third component of our recommended framework.

This extract has been updated to amend the terminology for non-investment fees and costs from "administration" fees and costs to "superannuation" fees and costs and to use initial contributions of $5,000 and $10,000 as determined above.

We consider that if our proposal is adopted, the Australian Government Actuary should be given the responsibility of setting and monitoring the superannuation fee and cost projection basis.

We draw to your attention the following three important features of "Table 5":

- The first three columns would be common to all funds (when making a comparison of two or more funds, this feature gives the reader confidence that they are comparing "like with like").
- The fourth and fifth columns are unique to each fund since they depend directly on each fund's superannuation fees and costs.
- The fourth column shows that after 2 year's the effect of fees and costs (for ZIS) for a $10,000 initial annual contribution is **115%** of that for a $5,000 initial annual contribution <u>but</u> after 40 year's the effect of fees and costs for a $10,000 initial annual contribution is **191%** of that for a $5,000 initial annual contribution (this large relative difference demonstrates why with any comparator it is essential to have results for both short and long durations and for at least two contribution levels).

Colin Grenfell and Ray Stevens

[extract only]

Table 4: ZIS Annual INVESTMENT Fees and Costs Summary per $10,000 account balance in each investment option			
	Option A	Option B	Option C
Ongoing (and Extra)	$161	$140	$124
Buy-sell spread	Nil	Nil	Nil

Assumptions on which the following fee table is based

The table below uses the standard assumptions about account balance, contributions and investment returns that all funds must use to show the impact of their superannuation fees and costs. These assumptions are as follows:

- Account balance at start: nil.
- Initial Annual Employer contributions of $5,000 or $10,000 (before tax).
- Contributions payable mid-year (or say weekly) and increasing by 4.5% each year.
- Member contributions: nil.
- Net annual investment return of 7% (net of tax and net of investment fees and costs).
- Dollar fees increase by 3% each year.
- Results in **"today's dollars"** (ie deflated using a salary increase assumption of 4.5% each year).
- No allowance for any tax payable on benefits.

Table 5: Effect of ZIS SUPERANNUATION Fees and Costs				
If withdrawn	**Total Paid in to date**	**Account Balance without fees and costs deducted**	**Effect of fees and costs to date ***	**Account Balance with fees and costs deducted ***
	Initial Annual Contribution $5,000			
after 2 years	$ 10,000	$ 8,700	$ 130	$ 8,570
after 5 years	$ 25,000	$ 22,560	$ 420	$ 22,140
after 10 years	$ 50,000	$ 47,940	$ 1,260	$ 46,680
after 20 years	$100,000	$108,700	$ 4,700	$104,000
after 40 years	$200,000	$283,000	$22,500	$260,500
	Initial Annual Contribution $10,000			
after 2 years	$ 20,000	$ 17,400	$ 150	$ 17,250
after 5 years	$ 50,000	$ 45,120	$ 610	$ 44,510
after 10 years	$100,000	$ 95,880	$ 2,080	$ 93,800
after 20 years	$200,000	$217,400	$ 8,500	$208,900
after 40 years	$400,000	$566,000	$43,000	$523,000

* The fees and costs include all fees and costs, except investment fees and costs and insurance charges. They include the benefit payment fee. For ZIS there are no other surrender penalties or exit fees and ZIS does not pay any commissions.

The last line of Table 5 (for an annual contribution of $10,000) shows that over a 40 year period the effect of the total deductions could amount to $43,000 (in today's dollars). Putting it another way, this would have the same effect as bringing investment returns down from 7% a year to 6.63% a year.

13 December 2011

Mr Ross Jones
Deputy Chairman
Australian Prudential Regulation Authority
400 George Street (Level 26)
SYDNEY NSW 2000

Dear Sir

APRA ANNUAL STATISTICS FOR MYSUPER PRODUCTS

The Actuaries Institute is the sole professional body for actuaries in Australia, providing independent, expert and ethical comment on public policy issues where there is uncertainty of future financial outcomes. It represents the interests of over 3,800 members, including more than 2,000 actuaries.

The Institute has made a number of submissions to the recent Super System Review and participated in other ways with the development of MySuper products.

We understand that APRA will be required to publish statistics relating to the fees and costs, and investment information, for MySuper and other superannuation products to facilitate comparisons by members. A Working Group of the Institute has done considerable work on these issues over recent years and has recently developed a discussion document on the form in which useful statistics on administration fees and costs of MySuper products could be collected and published.

The impact of administration fees and costs can be demonstrated in a number of ways. One approach is to calculate an "index" showing the projected benefit at the end of the membership period, expressed as a percentage of the projected benefit which would apply at the end of the membership period if there were no fees and costs affecting the member's benefit. Another is to show the "dollar reduction" in the projected end benefit (in today's dollars) caused by the administration fees and costs. We see merit in both these approaches.

Briefly, we believe that the main issues relating to reporting administration fees and costs to members are the effect of these fees and costs:

1. on members who have different contribution levels and different initial account balances, and
2. over different periods of membership.

We suggest that showing the impact of administration fees and costs given two contribution levels, say $5,000 p.a. and $10,000 p.a., and no initial account balance, would allow a member (or prospective member) of a fund to select the level which best matches the person's situation. We would not advocate showing the impact given a range of initial account balances, given the additional complexity that would be introduced.

Institute of Actuaries of Australia
ABN 69 000 423 656
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t +61 (0) 2 9233 3466 f +61 (0) 2 9233 3446
e actuaries@actuaries.asn.au w www.actuaries.asn.au

Comparisons over a 40 year membership period could be used for ranking funds, but a much shorter period, say 10 years, would highlight the fact that for some funds the effect of administration fees and costs can be different for shorter membership periods.

The attached document illustrates both the "index" and "dollar reduction" approaches described above, using $5,000 p.a. and $10,000 p.a. contribution levels. The impact of the administration fees and costs is shown over periods of 10 or 40 years for 27 Funds with administration fees and costs as described.

The Institute would welcome the opportunity to discuss with APRA the issues that we believe need to be considered. We propose to separately address the considerations in relation to investment statistics.

The calculations in the attached document are based on the principles that have been used in submissions relating to administration fees and costs in Product Disclosure Statements over a number of years by members of the Institute. We believe that consistency between APRA's data collection standards and ASIC's disclosure requirements is important.

We would welcome the opportunity of meeting with an appropriate person or group to provide more details of our proposal.

Yours sincerely

Barry Rafe
President

cc David Shade
Advisor, Statistics
Australian Prudential Regulation Authority

Prashanti Ravindra,
Lawyer, Strategic Policy
Australian Securities and Investments Commission

Ged Fitzpatrick
Senior Executive Leader
Investment Managers & Superannuation Team
Australian Securities and Investments

Institute of Actuaries of Australia
ABN 69 000 423 656
Level 7, 4 Martin Place, Sydney NSW Australia 2000
t +61 (0) 2 9233 3466 **f** +61 (0) 2 9233 3446
e actuaries@actuaries.asn.au **w** www.actuaries.asn.au

ADMINISTRATION FEES AND COSTS

The two tables below provide information about the administration fees and costs charged by superannuation funds and the effect of these on members' benefits. Both of the tables exclude all fees and costs relating to investment. They also exclude insurance premiums and advice fees. The tables assume zero initial fund balances. If a member has an existing superannuation balance, then the tables do not indicate the full effect of administration fees and costs on the member's overall superannuation benefits.

Annual Contribution $5,000

If your annual contribution exceeds $7,500, see the blue table below

	Index (note 3) Membership		Effect of Fees and Costs (in today's dollars) Membership		Rank Membership	
	40 years (note 1)	10 years (note 2)	40 years (note 1)	10 years (note 2)	40 years (note 1)	10 years (note 2)
Fund 05	98.8	99.0	-$3,861	-$515	1	1
Fund 14	98.7	98.7	-$4,093	-$635	2	3
Fund 09	98.5	98.5	-$4,750	-$737	3	4
Fund 10	98.0	98.0	-$6,333	-$983	4	6
Fund 26	97.6	98.8	-$7,584	-$595	5	2
Fund 11	97.5	97.5	-$7,917	-$1,229	6	9
Fund 23	97.1	97.1	-$9,238	-$1,434	7	13
Fund 01	97.0	97.0	-$9,374	-$1,455	8	14
Fund 04	97.0	97.0	-$9,500	-$1,475	9	15
Fund 17	96.5	96.5	-$11,084	-$1,721	10	17
Fund 08	96.0	96.0	-$12,667	-$1,966	11	18
Fund 20	95.4	98.4	-$14,565	-$797	12	5
Fund 19	95.0	95.0	-$15,834	-$2,458	13	20
Fund 22	94.5	96.6	-$17,387	-$1,692	14	16
Fund 27	94.0	94.0	-$19,000	-$2,949	15	24
Fund 18	94.0	95.6	-$19,126	-$2,140	16	19
Fund 16	93.0	97.6	-$22,136	-$1,166	17	7
Fund 13	92.7	97.2	-$22,998	-$1,388	18	10
Fund 25	92.6	97.5	-$23,299	-$1,225	19	8
Fund 03	90.1	91.6	-$31,292	-$4,139	20	27
Fund 06	89.2	95.0	-$34,071	-$2,459	21	21
Fund 12	87.9	97.1	-$38,440	-$1,429	22	12
Fund 02	87.7	97.1	-$38,975	-$1,420	23	11
Fund 07	85.2	94.7	-$46,832	-$2,601	24	22
Fund 24	84.8	94.2	-$48,054	-$2,840	25	23
Fund 15	83.5	93.7	-$52,409	-$3,081	26	25
Fund 21	77.9	92.7	-$69,852	-$3,586	27	26

Please note:

1. This membership has been used to sort the above table (because 40 years is closer to the total potential membership of most people).
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3. The index provides a measure of how administation fees and costs effect members' benefits. The smaller the index the greater the effect on benefits. A fund where members incur no fees or costs (e.g. because they are paid by the employer) would have an index of 100.

	Annual Contribution $10,000					
	If your annual contribution is less than $7,500, see the green table above					
	Index (note 3)		Effect of Fees and Costs (in today's dollars)		Rank	
	Membership		Membership		Membership	
	40 years (note 1)	10 years (note 2)	40 years (note 1)	10 years (note 2)	40 years (note 1)	10 years (note 2)
Fund 14	99.4	99.4	-$4,093	-$635	1	2
Fund 05	99.3	99.5	-$4,561	-$539	2	1
Fund 09	99.3	99.3	-$4,750	-$737	3	3
Fund 10	99.0	99.0	-$6,333	-$983	4	5
Fund 11	98.8	98.8	-$7,917	-$1,229	5	6
Fund 23	98.5	98.5	-$9,238	-$1,434	6	8
Fund 04	98.5	98.5	-$9,500	-$1,475	7	9
Fund 17	98.3	98.3	-$11,084	-$1,721	8	10
Fund 26	98.0	99.2	-$12,451	-$763	9	4
Fund 08	98.0	98.0	-$12,667	-$1,966	10	12
Fund 01	97.5	97.5	-$15,707	-$2,438	11	16
Fund 19	97.5	97.5	-$15,834	-$2,458	12	17
Fund 27	97.0	97.0	-$19,000	-$2,949	13	20
Fund 22	95.8	97.8	-$26,885	-$2,133	14	14
Fund 20	95.6	98.5	-$28,090	-$1,428	15	7
Fund 18	94.8	96.5	-$32,873	-$3,430	16	21
Fund 03	94.0	95.6	-$37,769	-$4,363	17	23
Fund 16	93.5	98.1	-$41,256	-$1,840	18	11
Fund 13	93.5	97.9	-$41,467	-$2,038	19	13
Fund 25	92.9	97.8	-$44,829	-$2,161	20	15
Fund 06	89.3	95.1	-$67,630	-$4,833	21	24
Fund 12	87.9	97.1	-$76,651	-$2,819	22	18
Fund 02	87.7	97.1	-$77,950	-$2,839	23	19
Fund 24	86.1	95.6	-$88,113	-$4,302	24	22
Fund 07	85.4	95.0	-$92,170	-$4,945	25	25
Fund 15	83.5	93.8	-$104,411	-$6,091	26	27
Fund 21	78.9	93.9	-$133,355	-$5,999	27	26

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