

**SENATE ECONOMICS  
LEGISLATION COMMITTEE**

Budget estimates 2005–06

**TABLED DOCUMENTS**

**Document:** Investment & Financial Services Association  
Ltd media release

**Tabled by:** Senator Sherry

**Date:** Wednesday, 1 June 2005

# Media Release



Investment & Financial Services Association Ltd

18<sup>th</sup> March 2005

## Super fees and charges under the spotlight

The Investment and Financial Services Association today released analysis conducted by Rice Walker Actuaries into superannuation fees and expenses by market segment. The findings show that overall fees across the industry, expressed as a percentage of assets, fell from 1.36% in June 2002 to 1.29% in June 2004.

"This analysis, which is the third in an ongoing series, finds that fees and charges are trending downward and, with the introduction of choice of fund, the industry is likely to become even more competitive," said Richard Gilbert, IFSA CEO.

"One area which has received a lot of focus recently is the comparison of retail and industry fund fees. The report shows that within the wholesale sector of the market, fee levels for these funds are very similar. (Retail corporate super master trusts charge 1.14% and industry funds, 1.17%).

"The fact is that there are good industry funds and there are good retail funds and consumers need to make sure that they do their homework, seek advice and work out what's best for their individual circumstances.

"Certainly, these findings contribute to informed debate around super choice and take some of the steam out of the fees and charges issue. IFSA will release more research over the next few months to further inform the ongoing debate about super choice.

"Choice of fund is not compulsory, so there's no pressure to do anything – and, of course, fees and charges are only one factor that people need to consider in deciding whether or not to make a choice about their superannuation.

"For most people, super will become either their first or second largest asset, so, come July 1, people should take their time, really understand their current position and seek advice from a qualified financial adviser", concluded Mr Gilbert.

**For further information, please contact Richard Gilbert on 0417 247 998 or Simon Disney, Media and Communications Manager on 0408 161 466**

IFSA represents the retail and wholesale funds management and life insurance industry. IFSA has over 100 members who are responsible for investing approximately \$A770 billion, on behalf of more than nine million Australians

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**Fees and Expenses By Superannuation Segment – Year to 30 June 2004**

Sector	Segment	Administration and Investment Management %	Cost of Advice %	Total Expenses %
Wholesale	Corporate	0.75	-	0.75
	Retail Corporate Super Master Trust <sup>3</sup>	1.04	0.10	1.14
	Industry	1.17	-	1.17
	Public Sector	0.62	-	0.62
Retail	Corporate Super Master Trust <sup>4</sup>	1.61	0.50	2.11
	Personal Superannuation	1.45	0.85	2.30
	Retirement Income	1.24	0.80	2.04
	Retirement Savings Accounts	2.30	-	2.30
	Eligible Rollover Funds	1.58	-	1.58
Small Funds	Small Funds	0.86	0.15	1.01

<sup>3</sup> Excludes employer plans with less than \$5 million in assets.

<sup>4</sup> Employer plans with less than \$5 million in assets.

<sup>5</sup> Restated on basis consistent with updated data.