CORE DATA research

ASFA Spotlight on Super Report

October 2011

Prepared by Coredata

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1. Executive Summary

Executive summary

Background and Methodology

- This report presents the findings from Australian consumer research conducted by CoreData in September and October 2011.

- For this study CoreData has leveraged its extensive proprietary nationwide database of more than 100,000 Australian consumers to recruit participant respondents.

- The purpose of the research is to determine the perceptions, attitudes and expectations towards the superannuation industry and super funds generally.

Executive summary

CORE DATA research

Employment

- Only one in seven respondents (13.4%) have changed jobs in the last 12 months. Of those who have changed jobs, the majority (67.4%) stayed with their existing super fund.

- People chose to remain with their super fund as they found it to be more convenient, they trusted the fund, due to good performance and because the fund was considered on par with others.

- The reasons given for joining the new employer's fund or consolidating funds were mixed. They included a reluctance to pay multiple fees, the fact that it was mandatory to join the new employer fund, lower fees and too little super to justify it.

- Many of the respondents who said they switched to their new employer's fund but did not cease their old membership cited hassles and that they had not gotten around to it as the reasons. Others said they wanted to compare services and performance before deciding which to choose.

Executive summary

Contributions

- More than half of respondents (55.4%) make additional contributions beyond the compulsory 9% Superannuation Guarantee (SG), on par with 2010 (54.8%). One in four (28.3%) indicate that they often contribute beyond the SG, while 15.6% sometimes do and 11.5% make additional contributions only rarely.
- Just over one fifth of respondents (20.7%) who make additional super contributions decreased the proportion of income that they contribute to super as a result of market volatility, compared to only 8.5% who increased their contributions.
- The majority of respondents said they had not changed/wouldn't change their super contributions this financial year (69.7%).
- The vast majority of respondents had not spoken to their superannuation fund call centre about the investment market volatility in the past 12 months (91.4%). Of those respondents who had an adviser, around half had spoken to their adviser (48.4%) and half had not (51.6%).
- Around half of respondents said the introduction of the contribution caps and various changes made to them had not reduced their confidence in saving through super (50.1%).

Executive summary

Investment Options

- Similar to 2010, only 18.1% of respondents have altered the investment option of their super fund over the past 12 months (15.2% in 2010).
- Respondents were polarised in terms of their appetite for risk. Nearly two in five respondents preferred a more conservative investment strategy for their super (38.7%), however a similar number (32.1%) said they preferred a risky strategy.

Returns

- Close to half of all respondents are pessimistic about superannuation returns this financial year (49.2%). Some 40.9% expect *worse* returns and a minority expect *much worse* (8.3%) returns in FY2012.
- This is a considerable change on last year, when only 10.1% expected returns to be worse and reflects the continued market uncertainty, which is impacting consumer perceptions of super and investments generally.
- Nearly half of respondents believe the percentage return on their investments will be neutral (46.3%). Of those who expected a positive return, the average expected return was 5.78%. Those who expected a negative return on average estimated it to be 9.62%.

Executive summary

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Super Concerns

- Having enough money to retire on and paying off debts were the main concerns of respondents (both with a score of 4.9 out of 7) followed by paying for everyday expenses (4.8) and financial market stability (4.0).

- The majority of respondents expressed mediocre satisfaction with the superannuation industry as a whole (45.0%). The remaining respondents were split between those who were dissatisfied (27.8%) and those who were satisfied (27.2%).

- One third of respondents were interested in setting up their own SMSF in the future (33.2%). Across the wealth brackets, some 38.6% of high net worth (HNWIs) and 36.3% of mass market respondents agreed they would like to set up an SMSF in the future. The core and mass affluent were slightly less interested in SMSFs (30.6% and 32.5% respectively).

- A whopping one third of people (34.2%) say they think they will need more than $1 million to have the standard of living they would like in retirement. The majority of respondents estimate they will need more than $500,000 to maintain their standard of living (79.8%).

Executive summary

Satisfaction

- There are clearly areas where funds are succeeding and areas where they are failing in the eyes of their members. Overall, members are most satisfied with the accuracy of reporting (56.5%). Satisfaction is lowest with fees and charges (38.0%) and level of investment returns (33.3%).

- Overall satisfaction with super funds is reasonably high in the context of market volatility and tempered returns, with just over half of all respondents (55.6%) rating their super fund satisfaction at least 7 out of 10.

- Despite this, respondents in 2011 reported their lowest level of happiness with their main super fund in eight years. Only two thirds were happy with their main super fund in 2011 (67%) compared with more than three quarters in 2004 (76.0%).

- Based on regression analysis, level of investment return appears to be the main driver of satisfaction, followed by quality of service.

Executive summary

CORE DATA research

Switching Super funds

- The majority of respondents had not switched super funds in the last 12 months (96.7%). Of the respondents who had changed super funds, one quarter did so based on a recommendation by their financial adviser (27.6%).

Policy Attitudes

- More than three quarters of respondents agreed with auto-consolidation (75.3%).
- Overall, sentiment towards MySuper (foregoing investment choice in return for slightly lower fees) was polarised. One third agreed with the concept (32.4%), one third were neutral (35.1%) and one third disagreed (32.6%).
- Two out of five respondents were not interested in the concept of an annuity (42.0%). However, more than one quarter found the concept to be attractive (27.5%).
- More than three quarters of respondents felt that super funds should list every investment they hold on the fund's website (76.1%).
- Overall, three in five respondents believed that the SG increase to 12% would improve their retirement (60.0%) and be affordable for employees (59.1%) and employers (54.7%).

2. Background & Methodology

Background

The primary focus of the study is to understand the perceptions, attitudes and expectations of Australians towards the superannuation industry.

More specifically the report will cover;

- Superannuation fund membership
- Contribution and investment option trends
- Predictions for investment returns
- Satisfaction with superannuation providers
- Satisfaction with the super industry
- Value received from super fund providers
- Financial concerns and superannuation
- Switching behaviour
- Engagement with super
- Attitudes to recent industry recommendations

Background

- The research was carried out between 19th September and 7th October 2011.

- An online quantitative survey of around 30-40 questions, was developed and hosted by CoreData, after liaison with ASFA.

- Using a randomly selected consumer sample from CoreData's proprietary panel of over 100,000 Australian consumers, data was collected from a representative grouping of the population of those aged 25-69, currently in the labour force. A sample of 1,003 respondents which met the said criteria was recruited from the CoreData panel for this project. Results are analysed with segmentation from a range of perspectives.

- See Appendix 1 for further details of sample characteristics.

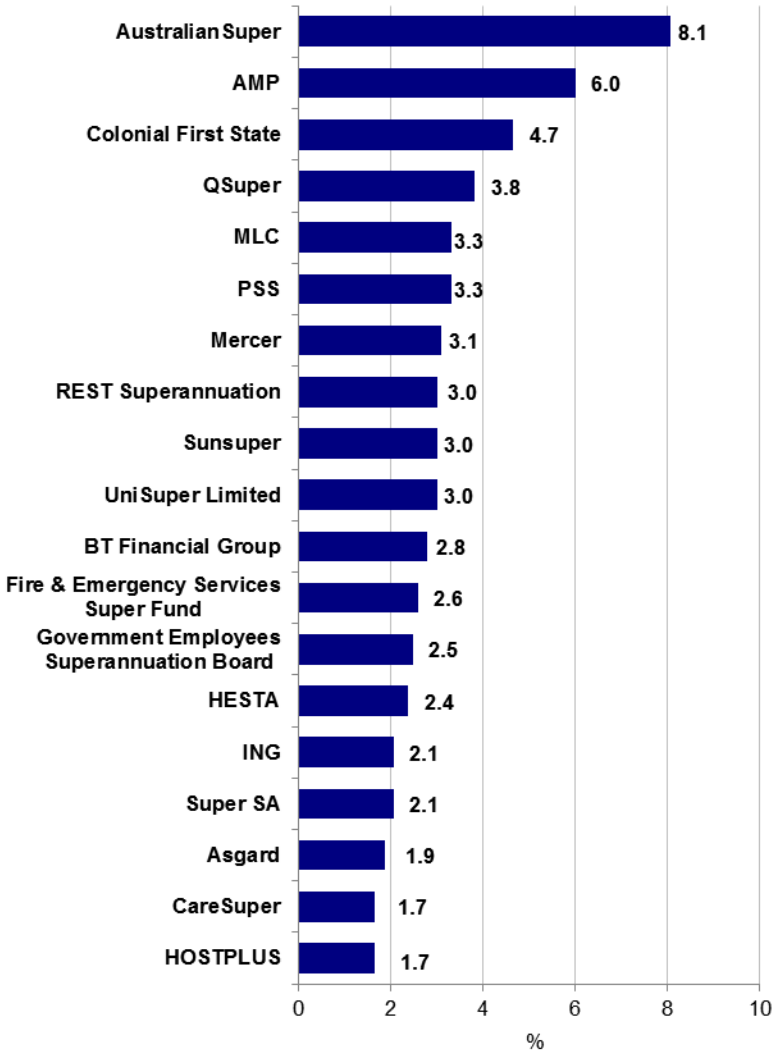
3. Super Fund Membership

Australian Super Most Used Fund

- AustralianSuper (8.1%) and AMP (6.0%) are again the two most popular MAIN super fund providers among respondents, continuing the trend in 2009 and 2010.

- Colonial First State (4.7%) and QSuper (3.8%) are also commonly used.

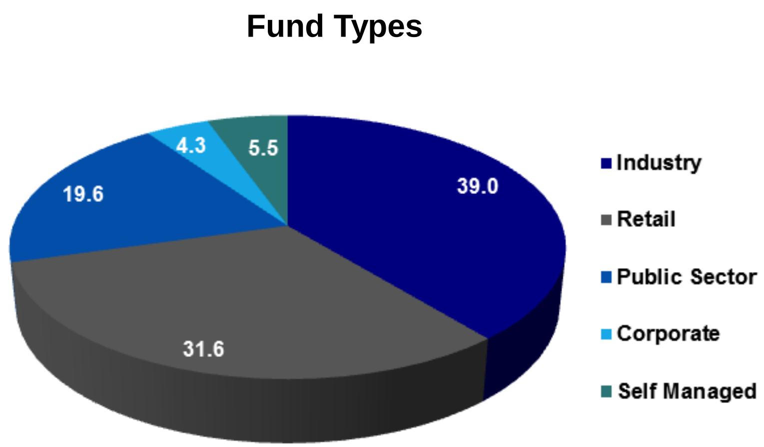
What is the name of your MAIN super fund?



n = 966, respondents who are members of a super fund

Share Of Super Fund Market

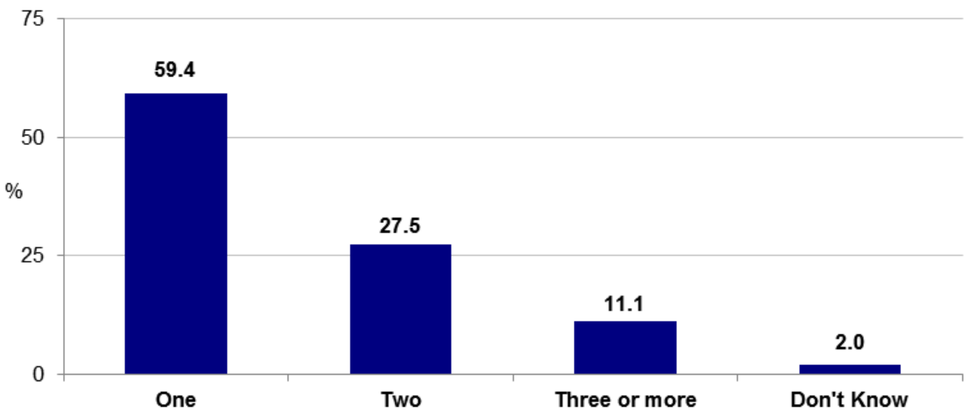
- Nearly two in five respondents (39.0%) use industry funds and just under one third use retail funds (31.6%), making these sectors the most popular.
- Some 19.6% of the sample are members of a public sector fund, while 4.3% are members of a corporate fund and the remaining 5.5% have a self managed super fund (SMSF).



More Than Three Quarters have Dormant Funds

- More than one third of respondents (38.6%) have two or more super fund accounts with different providers.
- Nearly three in five had just one super fund relationship (59.4%).
- A minority (11.1%) had three or more super fund accounts.

How many super fund accounts, that you know of, do you have with different providers?

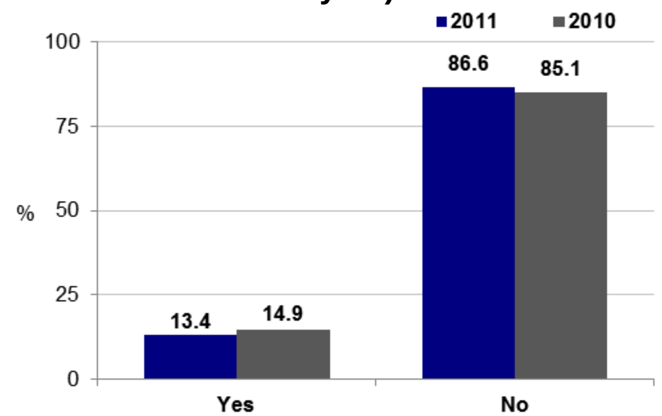


4. Employment & Dormancy

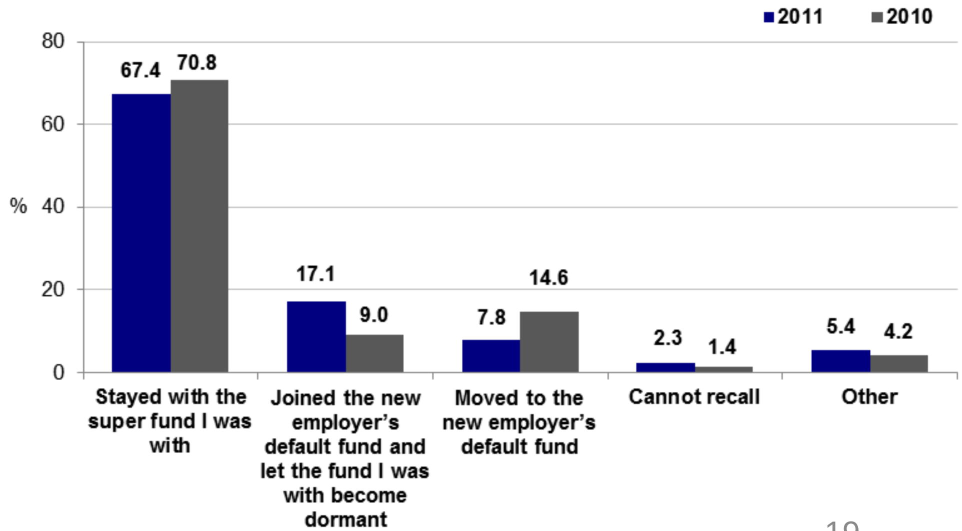
New Employees Not Changing Super Funds

- Only one in seven respondents (13.4%) have changed jobs in the last 12 months.
- Of those who have changed jobs, the majority (67.4%) stayed with their existing super fund.
- One in six (17.1%) joined their new employer's fund but failed to consolidate their funds (ie. let their other fund become inactive) and a small but noticeable 7.8% transferred their super to their new employer's default fund.

Have you changed jobs in the last 12 months (since October last year)?



Thinking about your most recent change of employment, did you stay with the super fund you were with or join the new employer's default fund?



n= 129, respondents who are members of a super fund and have changed jobs in the last 12 months

Staying Loyal After A Job Change

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- People chose to remain with their super fund as they found it to be more convenient, they trusted the fund, good performance and because the fund was considered on par with others.

"Ease of paperwork" (Female respondent, 27, NSW, Industry fund)

“Too much hassle changing" (Male respondent, 41, Vic, Industry fund)

"Been with them for a long time and trust the fund." (Female respondent, 31, WA, Industry fund)

"Mine seems to be among the better performers and If you change you lose more money !" (Female respondent, 62, NT, Retail Fund)

"Fees are considerably better than other funds and performance is on a par also." (Male respondent, 39, Vic, Industry fund)

"The new company used the same super fund as the one I was already with." (Male respondent, 30, NSW, Retail Fund)

"Employer had same fund" (Female respondent, 36, NSW, Public Sector Fund)

"As good as any" (Female respondent, 49, Qld, Public Sector Fund)

"Because I believe my fund is as good as any" (Female respondent, 33, Vic, Retail Fund)

Fees Drive Switching To New Fund

- The reasons given for joining the new employer's fund or consolidating funds were mixed. They included a reluctance to pay multiple fees, the fact that it was mandatory to join, lower fees and low funds.

"Consolidated into a lower fee fund. " (Male respondent, 41, Vic, Industry fund)

"Company gives extra super" (Male respondent, 34, NSW, Retail Fund)

"There was just so little money in it I didn't see the point in keeping another fund open." (Female respondent, 41, Vic, Retail Fund)

"It would be frustrating paying the fees for several funds so I tend to never have more than two super funds going at once." (Male respondent, 31, Vic, Public Sector Fund)

"It is compulsory to join UniSuper when you work at a university. And it was the only super fund I have had in Australia, so already had money in there from prior to working overseas." (Female respondent, 37, Qld, Industry fund)

Apathy Prevents Consolidation Of Accounts

- Many of the respondents who said they switched to their new employer's fund but did not cease their old membership cited hassles and that they had not gotten around to it as the reasons. Others said they wanted to compare services and performance before deciding which to choose.

"Convenient" (Male respondent, 65, Qld, Retail Fund)

"Cant be bothered trying to change it too much of a hassle" (Female respondent, 53, Vic, Industry fund)

"My current employer fund it better and I can consolidate all funds to it over the next 6 months." (Male respondent, 52, NSW, Retail Fund)

"It seemed like a better fund to invest money in and all my colleagues recommended it" (Female respondent, 37, SA, Retail Fund)

"Will wait and compare performance after first 6 months then decide whether to roll over into my new employers default fund" (Male respondent, 52, NSW, Retail Fund)

"I wanted to see which fund has the functions i want. ie. online access to view and change options" (Male respondent, 32, NSW, Corporate Fund)

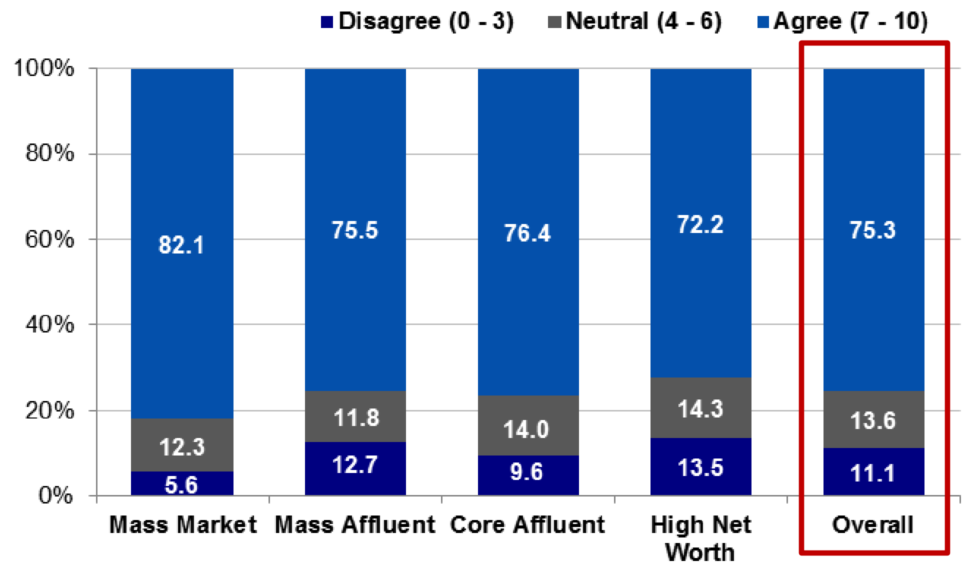
"I am yet to close my previous fund, I intend to do it soon." (Female respondent, 36, Vic, Retail Fund)

"I have not caught up to all the administrative side of rolling my super together and just wanted to get started with my new role." (Male respondent, 28, NSW, Industry fund)

Majority Support For Auto-Consolidation

- More than three quarters of respondents agreed with the concept of auto-consolidation (75.3%).
- Support for auto-consolidation was higher among the mass market (82.1%) and slightly lower among the high net worth (72.2%).
- However in general, disagreement with the concept of auto-consolidation was low.
- There were only minor differences across age brackets. Around three quarters of those under 30 (72.4%), between 30 and 50 (77.6%) and 50 and over (71.5%) agreed with auto-consolidation.

If I have an inactive/dormant super fund it should be automatically consolidated into my MAIN superannuation account BY Wealth Brackets



5. Contributions

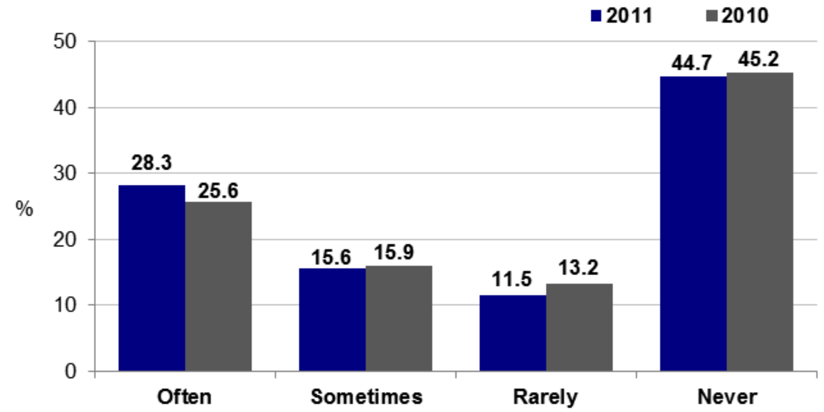
Half Make Additional Super Contributions

- More than half of respondents (55.4%) make additional contributions beyond the compulsory 9% Superannuation Guarantee (SG), on par with 2010 (54.8%).

- One in four (28.3%) indicate that they often contribute beyond the SG, while 15.6% sometimes do and 11.5% make additional contributions only rarely.

- The remaining 44.7% never make additional super contributions.

Do you make additional contributions to your superannuation fund (beyond the 9% Superannuation Guarantee)?



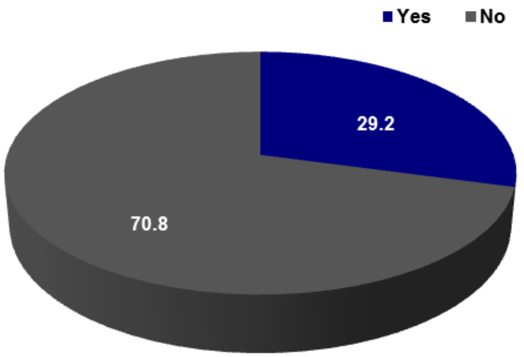
Market Volatility Reduces Contributions

- While seven out of ten respondents reported that the investment market volatility had not affected the proportion of income they had contributed to super (70.8%), nearly one third said that it had (29.2%).

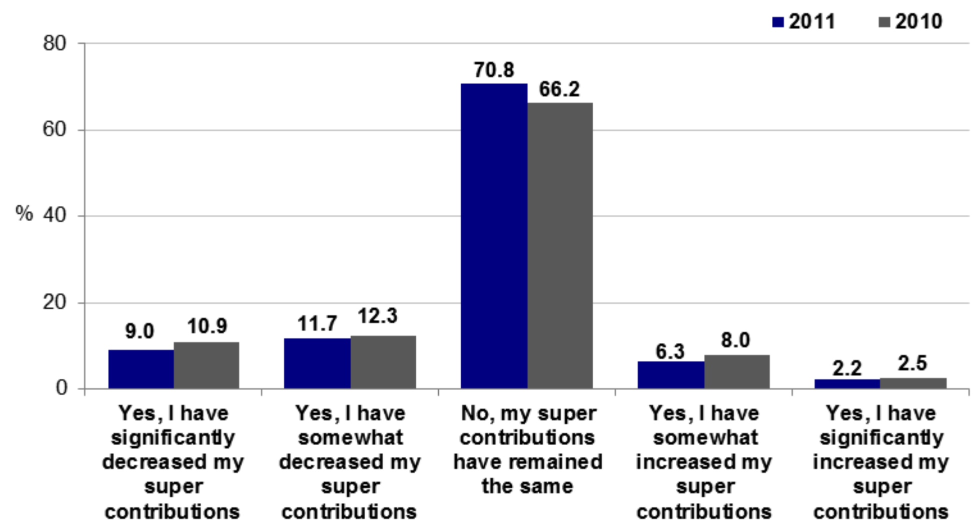
- The volatility in investment markets over the past three years has caused more respondents to *reduce* the proportion of their income they contribute to super than *increase* it.

- Just over one fifth of respondents (20.7%) who make additional super contributions decreased the proportion of income that they contribute to super as a result of market volatility, compared to only 8.5% who increased their contributions.

Has the investment market volatility over the past few years affected the proportion of your income that you contribute to super?



Year on Year Comparison

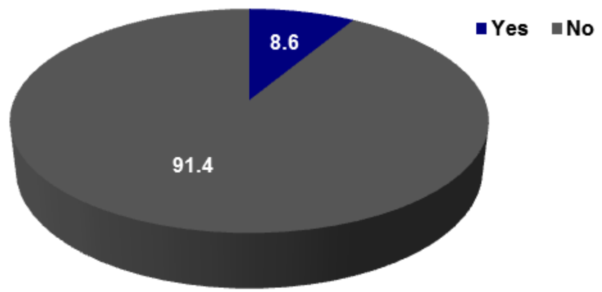


n = 555, respondents who are members of a super fund and make additional contributions to their super fund

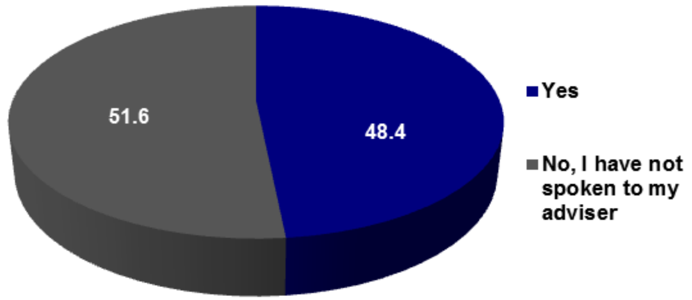
Market Volatility Low Impact on Advice Seeking

- Three quarters of respondents had not spoken to either their super fund call centre or adviser about the market volatility in the past 12 months (75.0%).
- The vast majority of respondents had not spoken to their superannuation fund call centre about the investment market volatility in the past 12 months (91.4%).
- However, of those respondents who had an adviser, around half had spoken to their adviser (48.4%) and half had not (51.6%).

Have you spoken to your superannuation fund call centre about the investment market volatility in the last 12 months?



Have you spoken to your financial adviser about the investment market volatility in the last 12 months?



Contributions To Remain Stable in 2012

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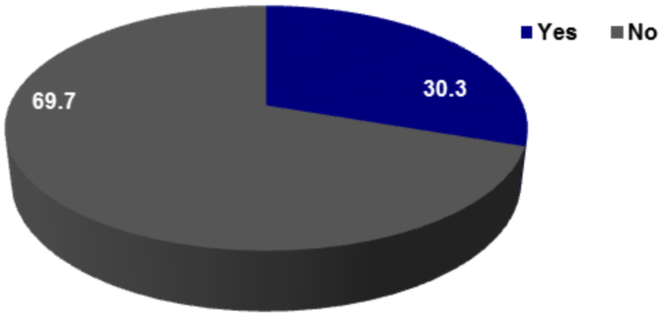
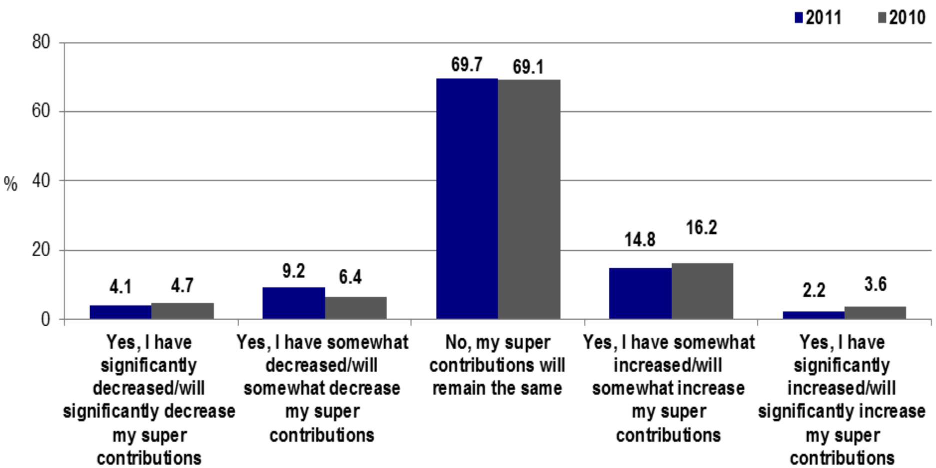
- The majority of respondents said they had not changed/wouldn't change their super contributions this financial year (69.7%).
- Conversely, one third of respondents said they had changed/would change their contributions compared to last year (30.3%).
- This financial year, of those respondents who make additional contributions, the sentiment was more towards an *increase* in contributions than a *decrease*.
- One in five (17.0%) plan to boost their super contributions, while one in ten (13.1%) plan to reduce them.

Have you changed (or will you change) your superannuation contribution this financial year (from July 2010 to June 2011) compared to last financial year?



Year on Year Comparison

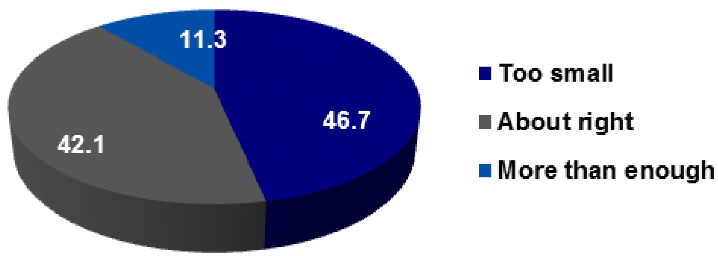


n = 555, respondents who are members of a super fund and make additional contributions to their super fund

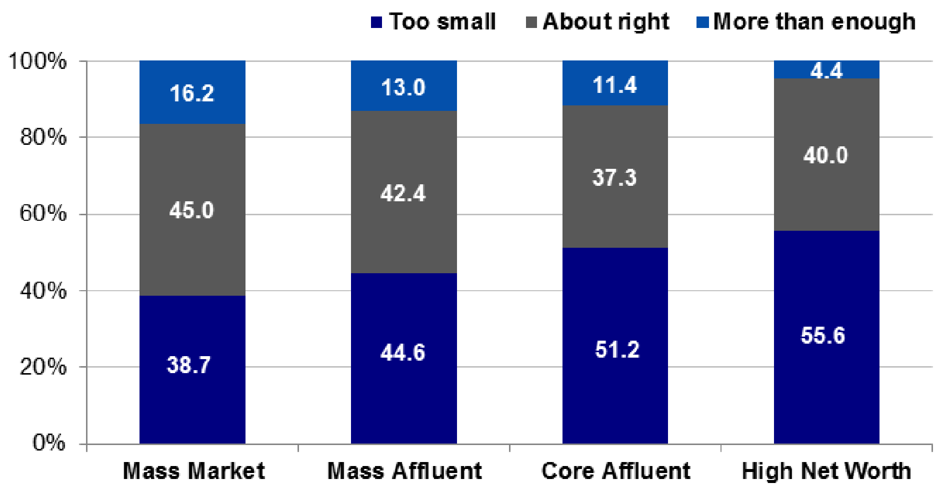
Respondents Split on Contribution Caps

- Respondents were split over the concessional contribution caps. Just under half claimed the limits were *too small* (46.7%) while 42.1% claimed they were *about right*.
- Not surprisingly, wealthier respondents were more likely to think the contribution caps were too small (55.6% of HNWs) than the mass market (38.7%).
- Mass market respondents were four times as likely (16.2%) as HNW individuals to think that the contribution caps were more than enough (4.4%).

The maximum amount per year you can contribute to super is $25,000 for those under 50 years old, and $50,000 for those aged 50 and over, with less than $500,000 in super. Do you consider these limits to be...



BY Wealth Brackets



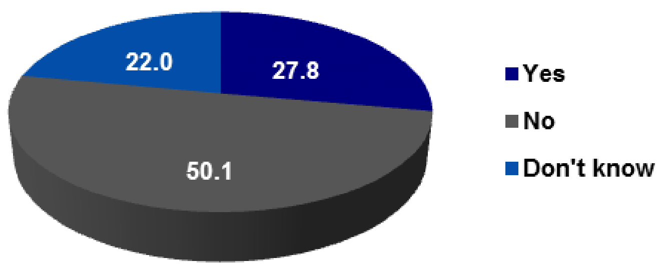
Contribution Caps Reduce HNW Confidence

- More than half of respondents said the introduction of the contribution caps and various changes made to them had not reduced their confidence in saving through super (50.1%).

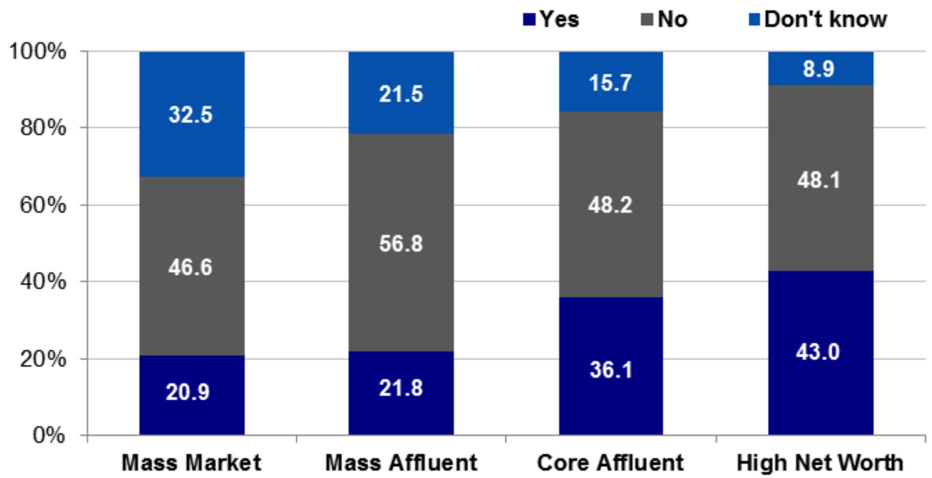
- However, one quarter said the changes had reduced their confidence in saving through super (27.8%) while a further fifth (22.0%) were unsure.

- HNW respondents were twice as likely to claim that the contribution caps had reduced their confidence in saving through super (43.0%) as those in the mass market (20.9%).

Has the introduction of the contribution caps and the various changes made to them reduced your confidence in saving through superannuation?



Year on Year Comparison

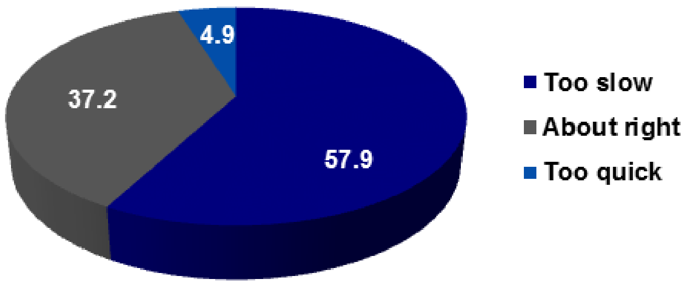


SG Increase To 12% 'Too Slow'

- More than half of respondents thought the phasing in of the SG increase from 9% to 12% was *too slow* (57.9%), compared with only 4.9% who thought it was *too quick*.

- More than one third thought the speed of the increase was *about right* (37.2%).

The Government announced its intention to gradually increase the amount of super contributions from 9% to 12%, until 2020. Do you think this phasing in of the increase is:



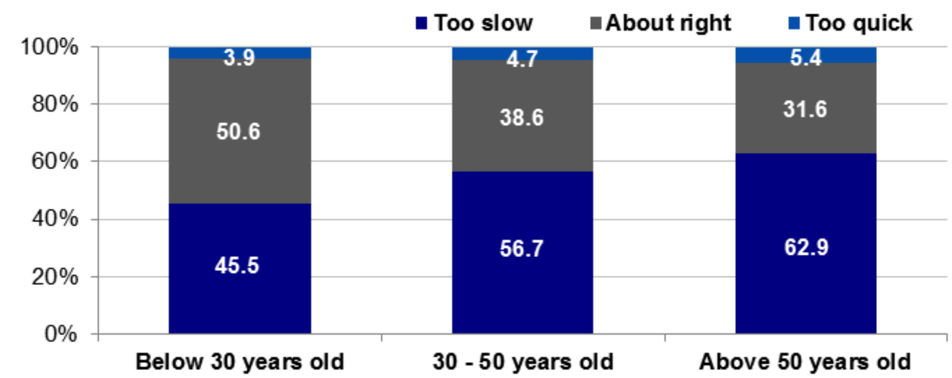
Older & Mass Affluent Want Quicker Phase In

- Older respondents (those aged 50 years and above) were more likely to think that the phasing in of increased SG contributions was too slow (62.9%) compared with those under 30 (45.5%).

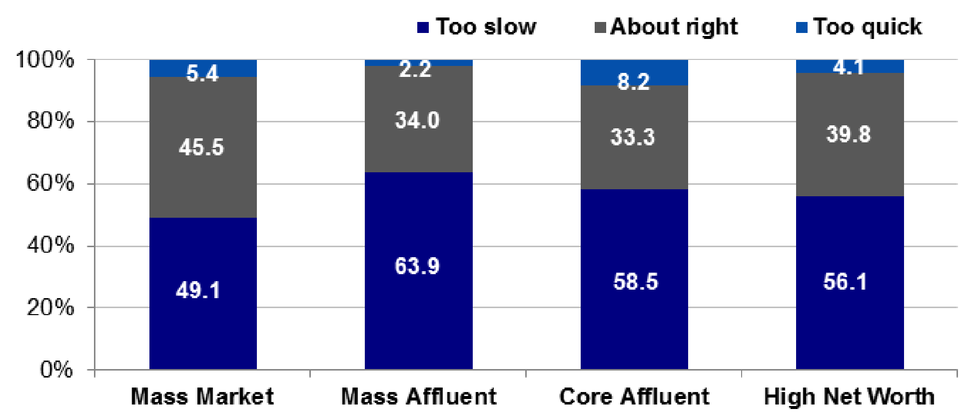
- Mass affluent respondents were most likely to claim the phasing in of the increase was too slow (63.9%) compared to 58.5% of the core affluent, 56.1% of the HNW and 49.1% of the mass market.

The Government announced its intention to gradually increase the amount of super contributions from 9% to 12%, until 2020. Do you think this phasing in of the increase is:

BY Age Groups



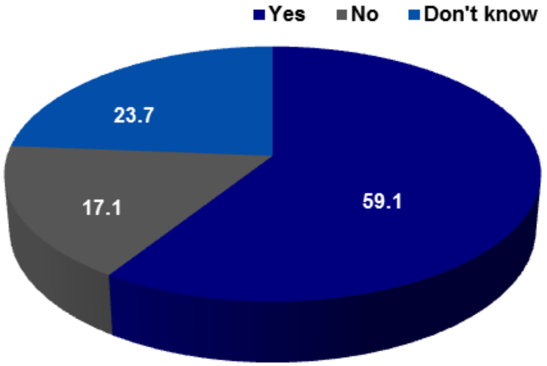
BY Wealth Brackets



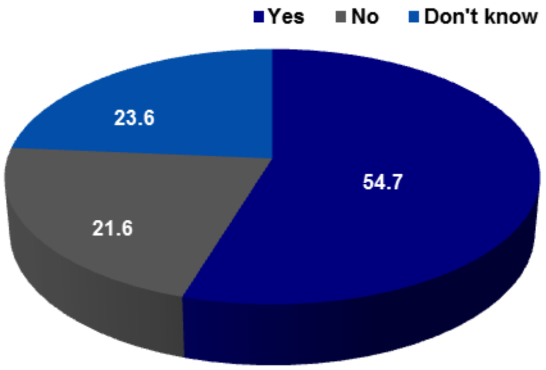
Most Consider the SG Increase Affordable

- The majority of respondents said that the gradual increase to 12% would be affordable for employees (59.1%) and employers (54.7%).
- Respondents were slightly less likely to think the increase was affordable for employers than employees.
- Around one fifth of respondents said the increase to 12% would not be affordable for employees (17.1%) and employers (21.6%).

Do you think the gradual increase to 12% will be affordable for employees?



Do you think the gradual increase to 12% will be affordable for employers?



Young Positive About Super Increase

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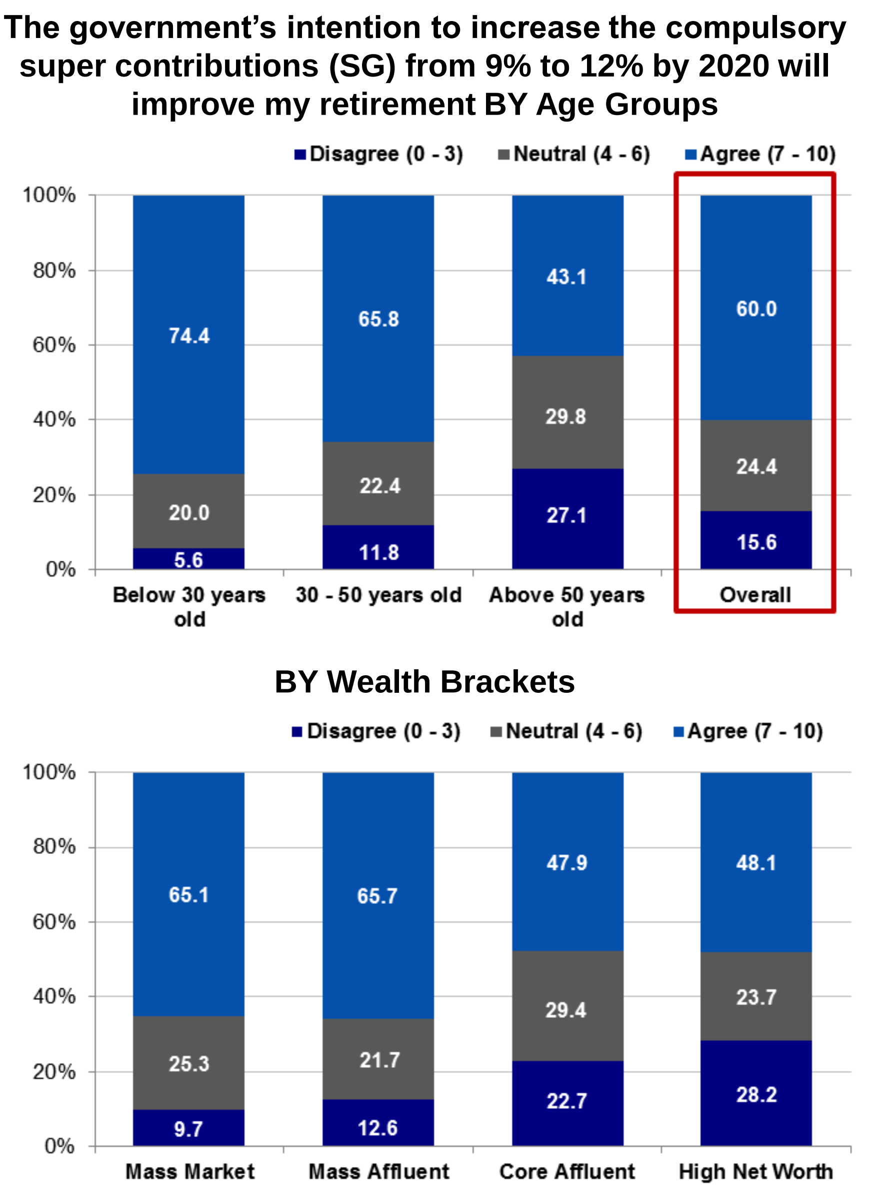
- Overall, three in five respondents believed that the increase of super contributions to 12% would improve their retirement (60.0%), one quarter were undecided (24.4%) and 15.6% disagreed.
- Super fund members under 30 years of age were more positive about the increase in SG contributions improving their retirement (74.4%) compared with those aged 50 years and over (43.1%).
- This is not surprising given that many older respondents are likely to be retired by the time the increase in SG contributions is phased in.
- With increasing wealth came decreasing agreement that the increased SG contributions would improve their retirement (48.1% of HNW vs. 65.1% of mass market).

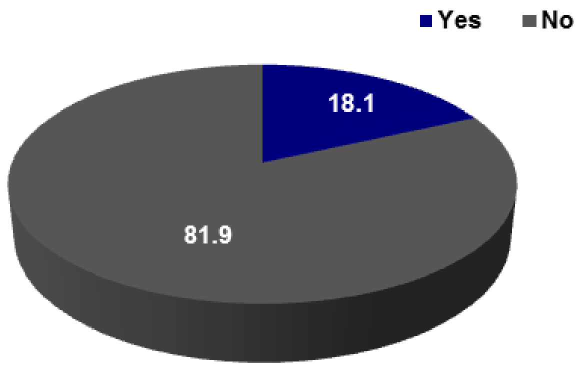


6. Investment Options

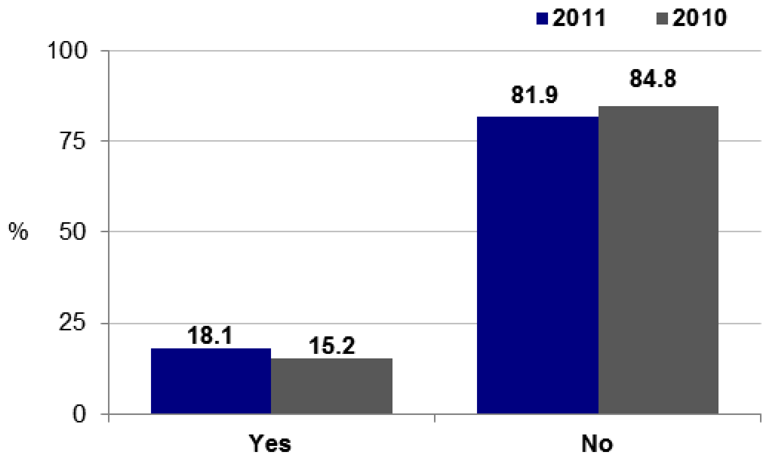
Few Exercising Investment Choice

- Similar to 2010, only 18.1% of respondents have altered the investment option of their super fund over the past 12 months (15.2% in 2010).
- The remaining 81.9% have maintained their existing investment strategy, slightly down from last year (84.8%).

Have you changed the investment option/strategy of your super fund in the last 12 months?



Year on Year Comparison



Some Ran For Cover In A Volatile Market...

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- Respondents switched to cash, property and low-risk or more stable investments due to the market volatility.

"All changed to cash due to impending European debt crisis before the recent crash" (Male respondent, 53, SA, Retail Fund)

"Changed from all shares to property based due to the volatility in the stock market" (Male respondent, 58, WA, Self Managed)

"Due to the volatility in the market, I have changed from an aggressive option to a safe option with less 'risky' investments. Although I have plenty of time till retirement, I don't see the point in taking unnecessary risks. " (Female respondent, 29, NSW, Public Sector Fund)

"More conservative because my view is that the sharemarket will fall." (Female respondent, 30, Vic, Retail Fund)

"Have moved all of my funds to CASH (from SHARES) in last 3 months due to projected poor performance and Europe/US issues. Have also stopped personal contributions due to hitting the $25K Tax Cap." (Male respondent, 42, Vic, Corporate Fund)

"I changed 50% to a more stable option" (Male respondent, 49, Vic, Industry fund)

"Market too volatile so best option is to keep in cash investment account." (Male respondent, 55, WA, Retail Fund)

"I placed a greater percentage in a balanced option to lessen the impact of the volatility of the sharemarket. But also placed the remaining balance in shares to hopefully benefit from the upturn in the sharemarket." (Male respondent, 41, Tas, Corporate Fund)

… While Others Acted More Aggressively

- Some of the respondents moved into high-growth options to compensate for past losses.

"Changed to active high growth." (Male respondent, 38, Qld, Corporate Fund)

"Changed to invest in a type that had a high percentage return over the last 3 years." (Male respondent, 34, WA, Retail Fund)

"From balanced to high growth fund option" (Female respondent, 27, Qld, Public Sector Fund)

"More aggressive to counter losses." (Male respondent, 41, Vic, Industry fund)

"I have recently moved more $'s into High Growth funds while the price is low" (Male respondent, 34, NSW, Retail Fund)

- Others reported changing investment strategies based on their financial adviser's recommendations.

"After advice from financial advisor changed to a less high risk investment strategy" (Female respondent, 48, WA, Retail Fund)

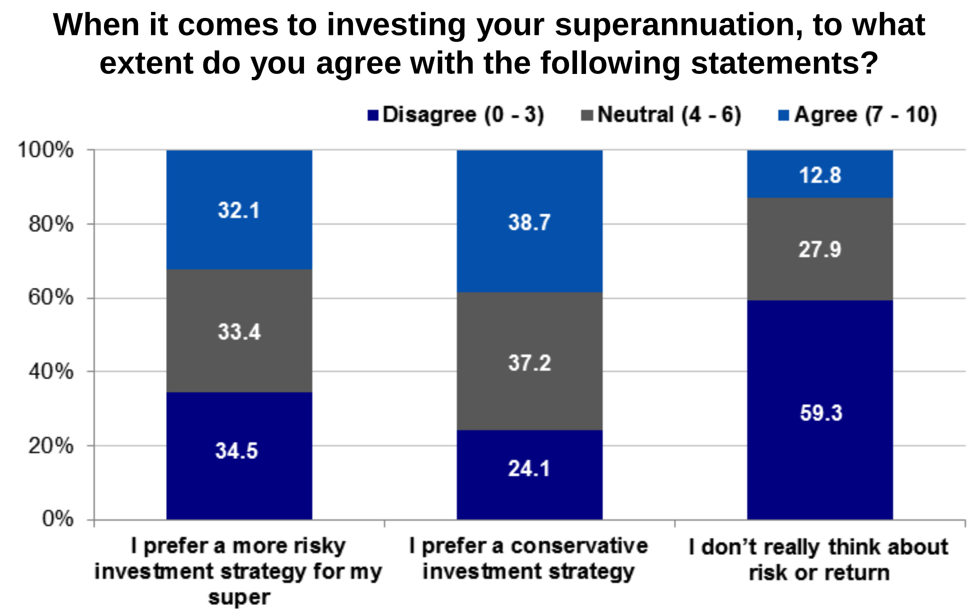
"As per Financial advisors directions" (Male respondent, 57, NSW, Self Managed)

"Suggested by financial adviser." (Male respondent, 58, Vic, Industry fund)

"I follow a growth model portfolio and made changes in accordance with advice provided by my adviser." (Female respondent, 44, Qld, Retail Fund)

Split Between Conservative & Risky Strategy

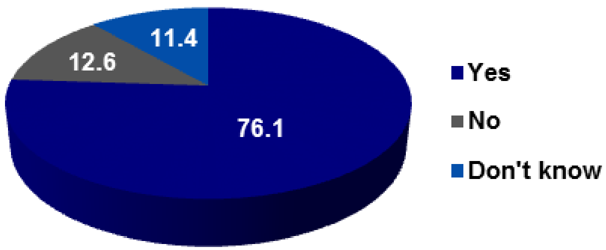
- Respondents were polarised in terms of their appetite for risk.
- Nearly two in five respondents preferred a more conservative investment strategy for their super (38.7%), however a similar number (32.1%) said they preferred a risky strategy.
- Only one in 10 admitted they did not really think about risk and return (12.8%), while the majority disagreed with this statement (59.3%).



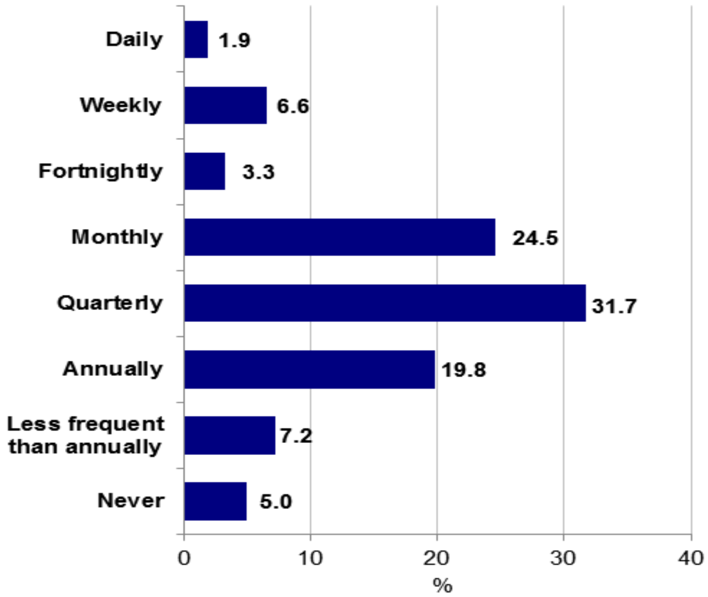
Strong Support For Super Investment Listing

- More than three quarters of respondents felt that super funds should list every investment they hold on the fund's website (76.1%).
- More than one third (36.3%) would look at this list of investments at least monthly whilst a further third would look at it on a quarterly basis.
- Three in five respondents (63.7%) would look at the list quarterly or less frequently.

Should superannuation funds be required to list every investment they hold on the fund's website?



How regularly would you be likely to look at such a list of investments?

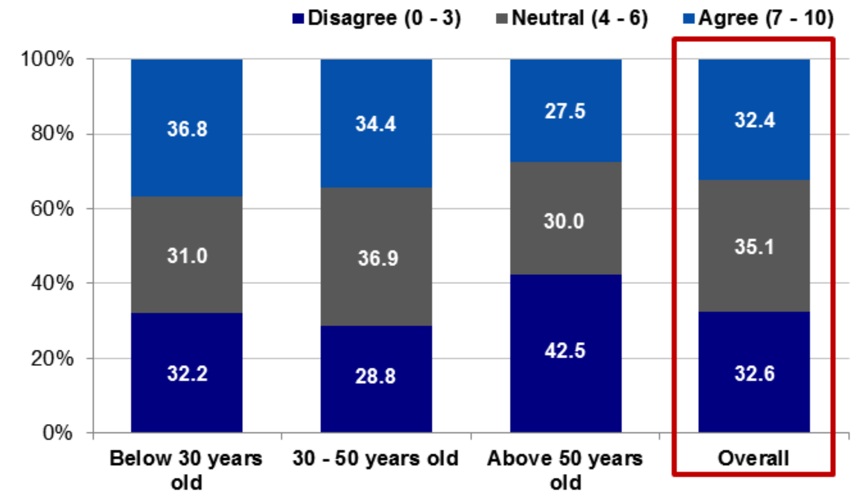


Younger More Positive Towards MySuper

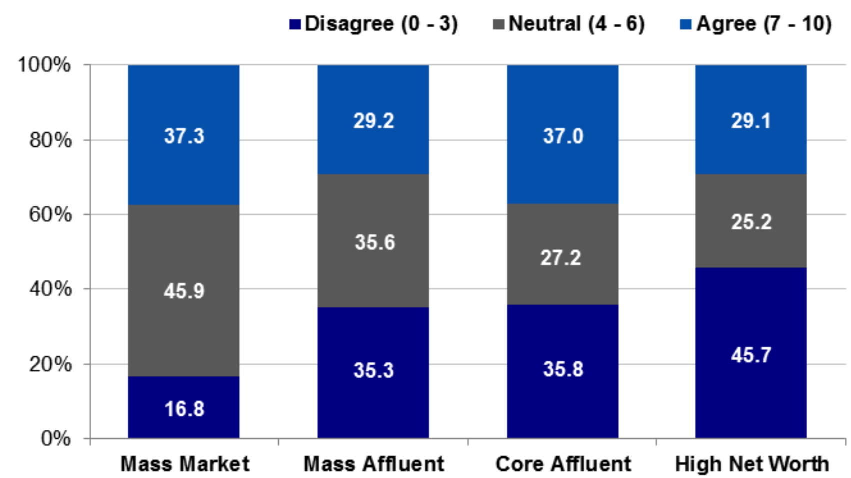
CORE DATA research

- Overall, sentiment towards MySuper was polarised.
- The older the respondent, the less likely they were to agree with the concept of MySuper, possibly reflecting a greater engagement level among those over 50.
- Australians below 30 years of age were more likely to agree with the concept of MySuper (36.8%), compared with those 50 years and over (27.5%). However, one third of those under 30 (32.2%) did not agree with the concept.
- Across the wealth brackets, the results were more varied. More than one third of the mass market agreed with the MySuper concept (37.3%), as did 37.0% of core affluent respondents. Slightly fewer HNW (29.1%) and mass affluent (29.2%) agreed.

If I don't actively choose my super fund, I am happy to be put into a simple fund with no investment choices but possibly slightly lower costs BY Age Groups



BY Wealth Brackets



7. Returns

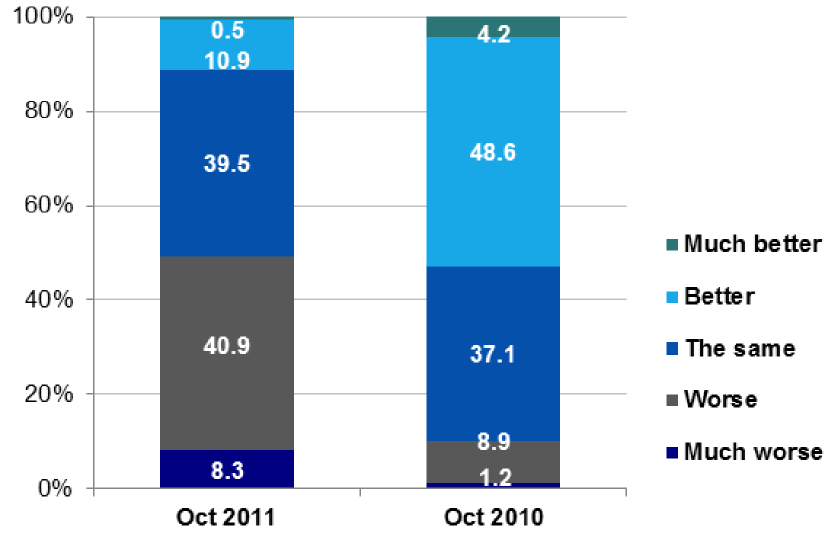
Half Predict Worse Returns in FY2012

- Close to half of all respondents are pessimistic about superannuation returns this financial year (49.2%). Some 40.9% expect *worse* returns and a minority expect *much worse* (8.3%) returns in FY2012.

- This is a considerable change on last year, when only 10.1% expected returns to be worse and reflects the continued market uncertainty which is impacting consumer perceptions of super and investments generally.

- Only 11.4% of respondents this year anticipated *better* or *much better* returns this year compared to 52.8% last year.

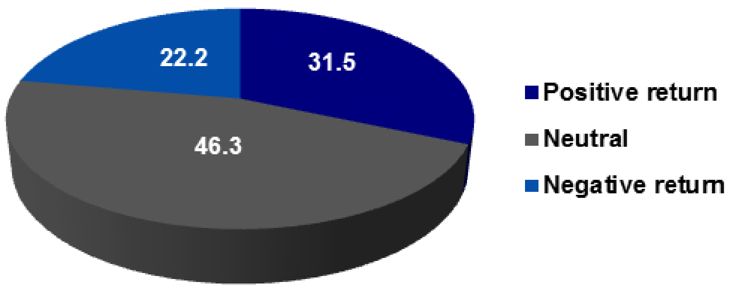
Thinking about the likely returns from super funds this financial year for the period July 2011 to June 2012 compared to last year, do you think this year's returns will be:



One Third Still Expecting A Positive Return

- Nearly half of respondents believe the percentage return on their investments will be neutral (46.3%).
- More than one fifth aren't so positive, expecting a negative return (22.2%).
- Interestingly, despite the pessimism towards the return outlook, one third are still banking on a positive return this financial year (31.5%).

Do you think the percentage return on investment for your MAIN super fund will be positive, negative or neutral?

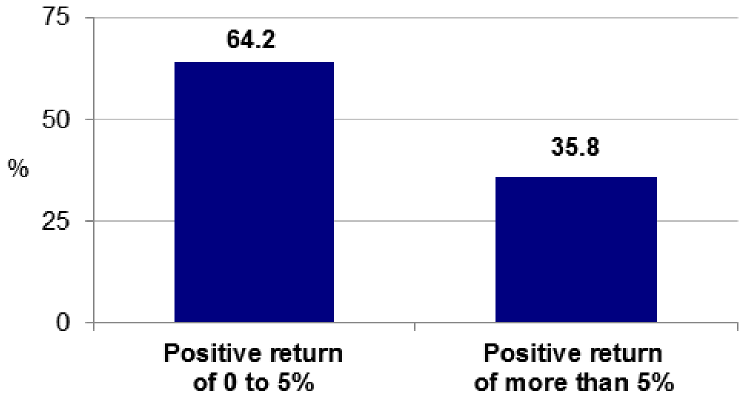


Return Expectations Moderate

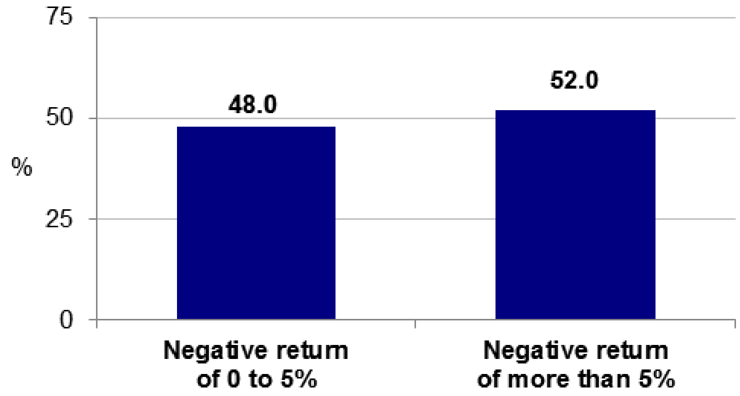
CORE DATA research

- Nearly two thirds of those who expected a positive return expected it to be between 0 to 5% (64.2%). Of those who expected a positive return, the average expected return was 5.78%.
- The remaining third expected the positive return to be more than 5% (35.8%).
- Of those who expected a negative return, more than half expected the negative return to be greater than 5% (52.0%) while the remaining half (48.0%) expected a negative return of between 0 and 5%.
- Those who expected a negative return on average estimated it to be 9.62%.

Expected percentage of positive return



Expected percentage of negative return



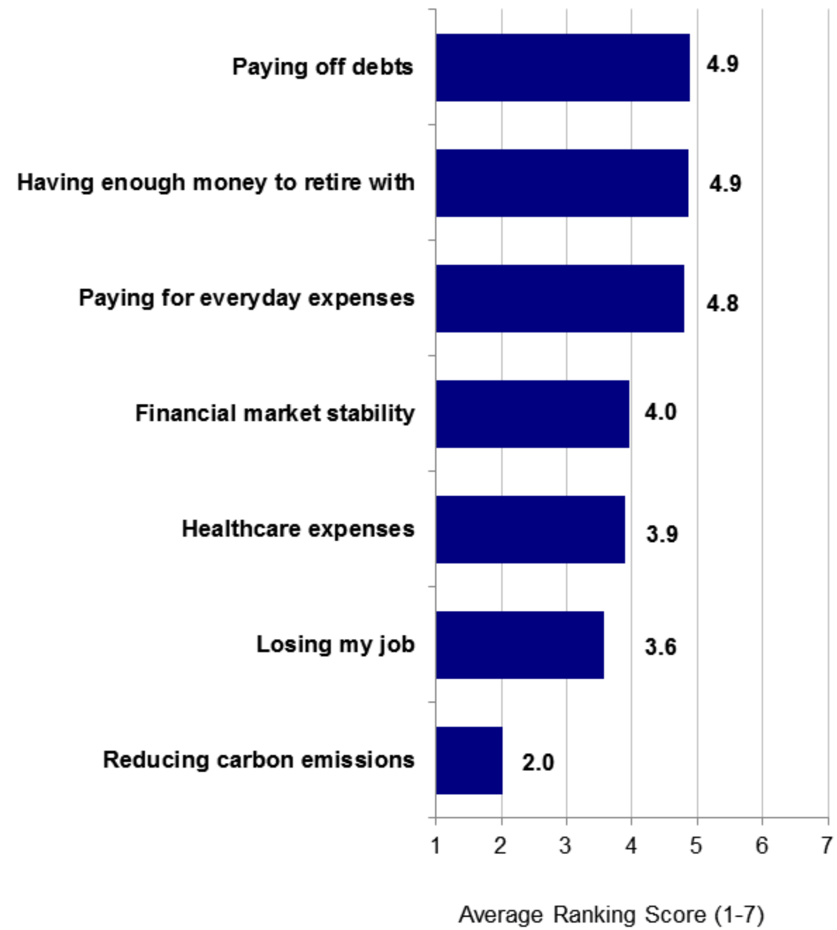
8. Super Concerns & Attitudes

Funding Retirement & Paying Debts Key Concerns

- Having enough money to retire with and paying off debts are the main concerns of respondents (both with a score of 4.9 out of 7) followed by paying for everyday expenses (4.8) and financial market stability (4.0).

- Healthcare expenses (3.9) and job loss (3.6) are further down the list with reducing carbon emissions (2.0) even less of a concern.

How concerned are you about the following issues?



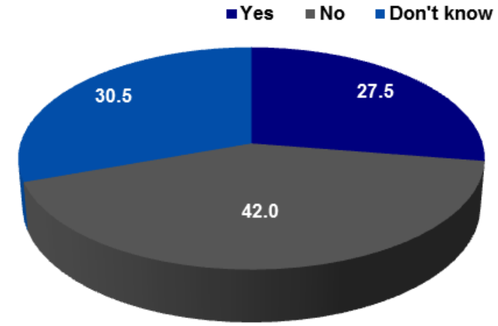
Appetite For Annuities Relatively Low

- Two out of five respondents were not interested in the concept of an annuity (42.0%). However, more than one quarter found the concept to be attractive (27.5%).

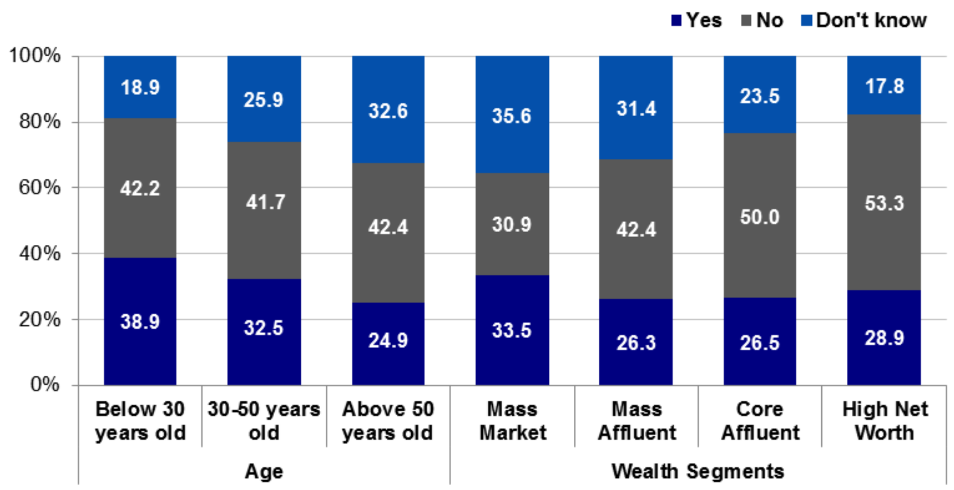
- With increasing age came a decrease in preference for annuities. Those below 30 were more likely to support annuities (38.9%), compared with those aged 50 years and over (24.9%).

- With increasing wealth came a slight decrease in those who would consider an annuity. Mass market respondents were much more likely to consider an annuity (33.5%) than mass affluent (26.3%), core affluent (26.5%) and HNW respondents (28.9%).

Would you prefer to receive guaranteed retirement income payments that do not vary, even though in total over the long term they may be significantly less than what would be received from an investment linked to shares? *



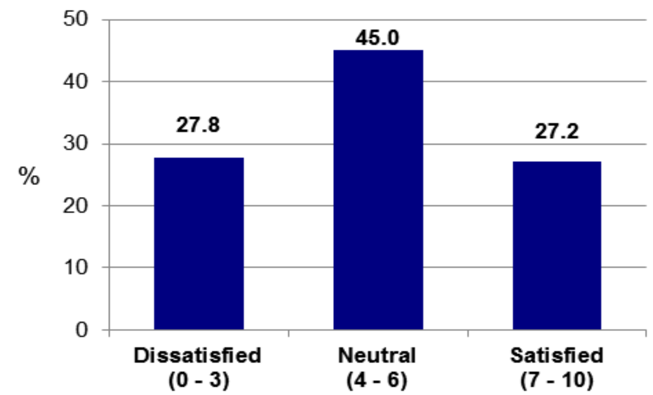
BY Age Groups and Wealth Brackets



Only A Quarter Are Satisfied With Super Industry

- The majority of respondents expressed mediocre satisfaction with the superannuation industry as a whole (45.0%).
- The remaining respondents were split between those who were dissatisfied (27.8%) and those who were satisfied (27.2%).

How satisfied are you with the superannuation industry as a whole?



Lack of Communication Drives Dissatisfaction

- Respondents' requests for change reflected a desire for education. The most commonly listed ways in which the industry could improve their satisfaction were communication, transparency over fees and commissions, and further education of members.

"Get rid of fees, regulate and audit the industry regularly. Educate the consumer about super in all facets" (Female respondent, 50, Vic, Retail Fund)

"less fees, more returns, better communication & options " (Male respondent, 32, NSW, Retail Fund)

"I do like the industry superfunds advertising. However there needs to be more education provided. I have little financial nous and would appreciate basic investor training, however the super funds provide little in this regard - choosing the 'see a financial advisor' option." (Female respondent, 54, Vic, Public Sector Fund)

"I think more education programs could be run periodically via employers/public forums by the various super providers. This would assist to make more informed decisions as to which fund to invest in and the investment options. " (Female respondent, 38, WA, Retail Fund)

"Making it easier to consolidate funds. More transparency in performance of funds." (Male respondent, 47, SA, Industry fund)

"Increased communication that shows in a concise format the performance of the super fund" (Male respondent, 24, Vic, Retail Fund)

"They could explain themselves better in easy to understand language and make the whole process more transparent. At the moment Super is something that most people don't understand or engage with." (Female respondent, 28, SA, Retail Fund)

Fees & Returns Also Influence Happiness

- The super industry could be improved if there were less management fees and higher returns.

"Actually create the returns possible. Take less management fees. Be more flexible and listen to what the customer wants" (Male respondent, 55, SA, Retail Fund)

"Better oversight, lower fees" (Male respondent, 37, ACT, Public Sector Fund)

"They are not accountable to anyone for wrong investments and have an extremely poor return on investment, we have been losing money" (Male respondent, 58, WA, Self Managed)

"Advisor fees should be illegal. I was charged exorbitant advisor fees in a previous fund and never got 1 piece of advice! Further, super funds should not be allowed to charge ANY fees when they LOSE your money, only when you have a gain. After all, you can stick your money in a back account for free and NEVER lose." (Female respondent, 39, NSW, Industry fund)

"Better Returns - Less Fess" (Male respondent, 43, Qld, Corporate Fund)

"Admin fees" (Male respondent, 49, SA, Public Sector Fund)

"Why are the returns so very low compared to the 'market' - and why is nothing done about paying 15% tax on contributions?" (Female respondent, 62, NT, Retail Fund)

“Less fees, better returns" (Male respondent, 32, NSW, Industry fund)

"Lower fees, more gains" (Female respondent, 48, Vic, Industry fund)

"Stop the greedy, often overpaid so & skimming so much money off the top in their fees & charges" (Male respondent, 55, WA, Public Sector Fund)

Lack of Investment Choice & Fund Access

- Super funds should allow easier member access to funds and choice of investments and be more proactive in recommending investment strategies during market instability.

"No visibility, takes ages to get your money out, excessive fees and lack of choice in where you put your money. They also don't think of it as "My" money, they think of it as their money." (Female respondent, 31, NSW,)

"Allow those that are & can save for their own future, have access to the funds to invest them selves." (Female respondent, 37, Qld, Retail Fund)

"Allow users access to choice of investments - make the ability to change schemes easier (and cheaper)" (Male respondent, 56, WA, Public Sector Fund)

"Not secure enough, not enough accountability for what happens with MY MONEY, not enough flexibility for access. Would much rather have it myself to put in the bank." (Female respondent, 30, Vic, Industry fund)

"Being more proactive and recommending strategies to combat this market volatility" (Male respondent, 54, NSW, Retail Fund)

"Early warning signs to allow investors to be proactive required" (Female respondent, 50, Vic, Industry fund)

"They charge the same commission whether they improve or lose your money. They are also not proactive in protecting investments." (Male respondent, 55, NSW, Retail Fund)

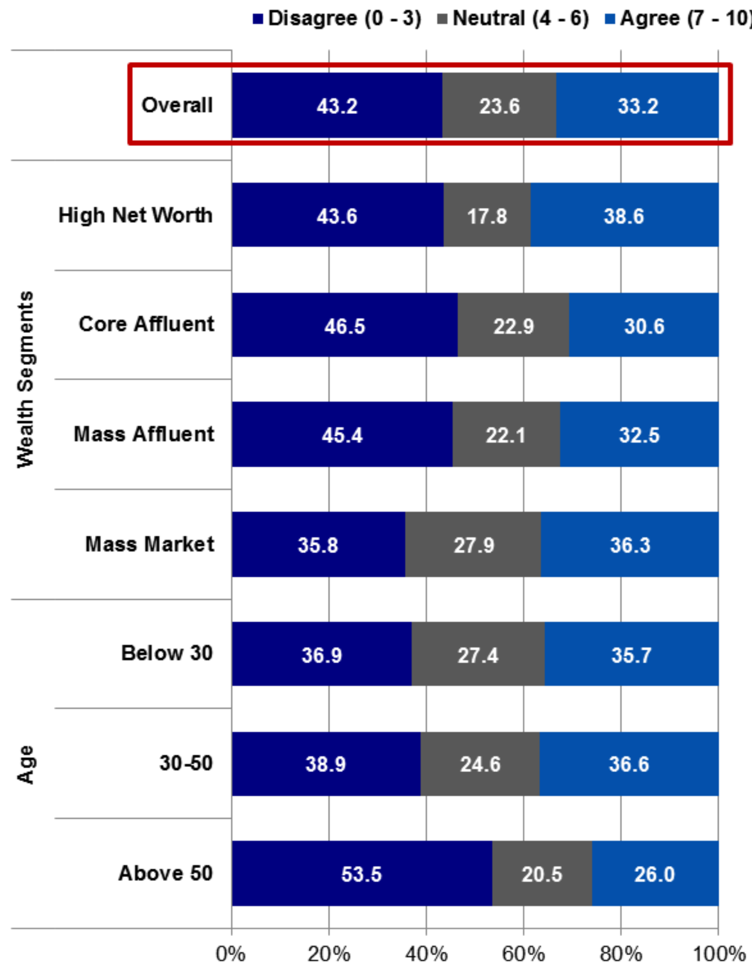
"Improved investment strategies and use of alternative markets" (Male respondent, 45, NSW, Industry fund)

Young & Wealthy Want To Set Up SMSFs In Future

CORE DATA research

- One third of respondents were interested in setting up their own SMSF in the future (33.2%), compared with two in five who were not considering this option (43.2%).
- Across the wealth brackets, some 38.6% of HNW and 36.3% of mass market agreed they would like to set up an SMSF in the future. The core and mass affluent were slightly less interested in SMSFs (30.6% and 32.5% respectively).
- SMSFs were more attractive to the younger demographic than those over 50.

I would like to set up my own self-managed superannuation fund in the future



Policy Stability & Less Rule Changes Needed

CORE DATA research

- Respondents wanted the Government to develop policies to ensure stability of the system and avoid changing the rules so often.

“Stop changing the rules as though it was there own private little goldmine" (Male respondent, 58, Vic, Self managed)

"Not keep changing the rules" (Male respondent, 47, NSW, Industry fund)

"Make the laws surrounding superannuation more stable" (Female respondent, 27, WA, Retail Fund)

"Ensure financial stability through its policies" (Male respondent, 52, ACT, Public Sector Fund)

"Stop messing with it and adopt a longer term view. " (Male respondent, 39, Qld, Corporate Fund)

"Commit to not changing the rules/taxation again" (Female respondent, 30, Tas, Retail Fund)

“Stop constantly changing the rules." (Male respondent, 65, ACT, Public Sector Fund)

“Stop fiddling with the rules" (Male respondent, 50, Vic, Industry fund)

"Stop messing about with it. Every time I turn around there’s a new restriction or limit in place." (Female respondent, 27, Qld, Public Sector Fund)

"Stop making changes to super every year." (Male respondent, 47, Tas, Public Sector Fund)

"Stop changing rules, provide core/stable fund with very low fees and high cash element for people who do not understand super " (Male respondent, 50, Qld, Retail Fund)

Reduction In Fees & Greater Education Desired

- They also expressed a desire for lower fees, easier fund transfers when changing providers and flexibility over additional contributions.

"Allow greater contributions into Super. Drop the 15% tax on incoming super. Pay for this by reversing the tax free status for 65 +years" (Male respondent, 56, WA, Public Sector Fund)

"Easier to transfer from one to the other" (Female respondent, 28, SA, Industry fund)

"Abolish all fees, including transfer fees." (Female respondent, 46, WA, Retail Fund)

"Allow greater flexibility on contributions" (Male respondent, 33, Vic, Industry fund)

"Let it be accessible at any time." (Male respondent, 34, WA, Retail Fund)

"Be more flexible to allow greater contributions which will improve our retirement income." (Female respondent, 57, Qld, Industry fund)

- Some wanted an education campaign for the members to understand super better.

Better public education about it and the reality" (Female respondent, 32, NSW, Public Sector Fund)

"Educate people more on what choices are available to them in regards to their Superannuation. Make this information easily understandable, and accessible to all." (Female respondent, 37, WA, Retail Fund)

"Develop an education campaign - I don't know enough about super, don't have the time to research or look up" (Female respondent, 40, NSW, Public Sector Fund)

"Education. Knowledge=power and understanding. Most people I know do not understand super" (Female respondent, 50, Vic, Retail Fund)

One Third Want More Than $1m In Retirement

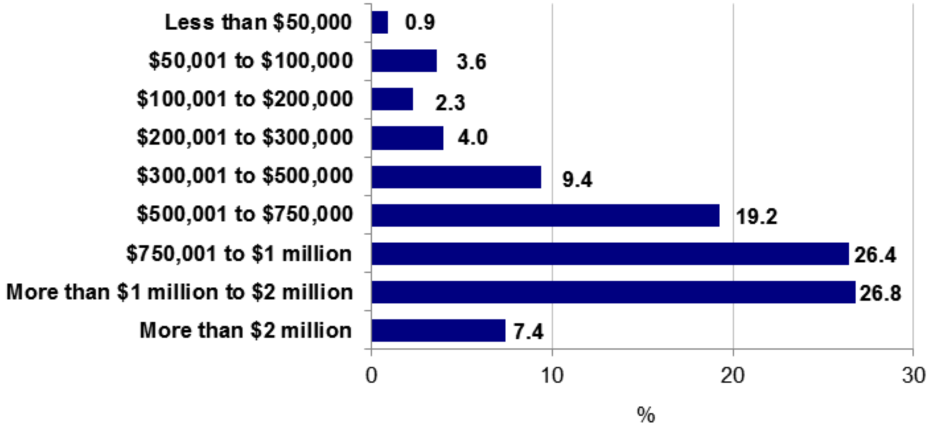
- A whopping one third of people (34.2%) say they think they will need more than $1 million to have the standard of living they would like in retirement.

- The majority of respondents estimate they will need more than $500,000 to maintain their standard of living (79.8%).

- Three out of five respondents estimated that they require more than $750,000 to retire comfortably (60.6%).

- Less than one in twenty estimate they need less than $100,000 to retire comfortably (4.5%).

How much superannuation do you think you will need in order to have the standard of living you want in retirement?

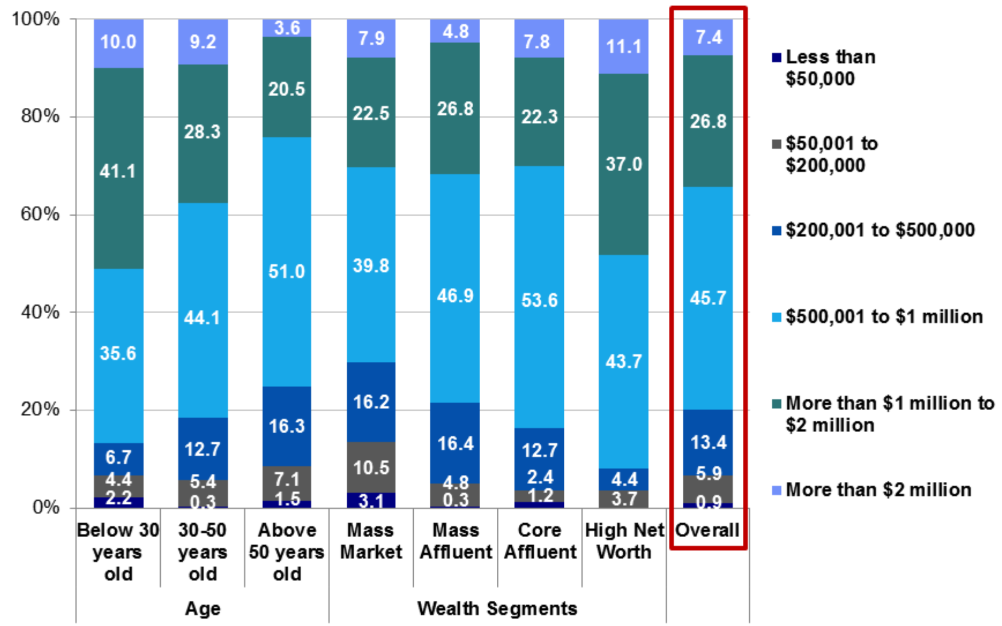


Younger, With Higher Incomes Expect More Super

CORE DATA research

- Overall, respondents were most likely to indicate that they needed super balances of $500,000 to $1 million to have the standard of living they want in retirement (45.7%).
- Those less than 30 years of age were more likely to estimate needing superannuation balances greater than $1 million compared with those 50 years and over (51.1% vs. 24.1%).
- HNWIs were much more likely to estimate needing superannuation balances greater than $1 million (48.1%) compared with mass market respondents (30.4%).

How much superannuation do you think you will need in order to have the standard of living you want in retirement? BY Age Groups and Wealth Brackets



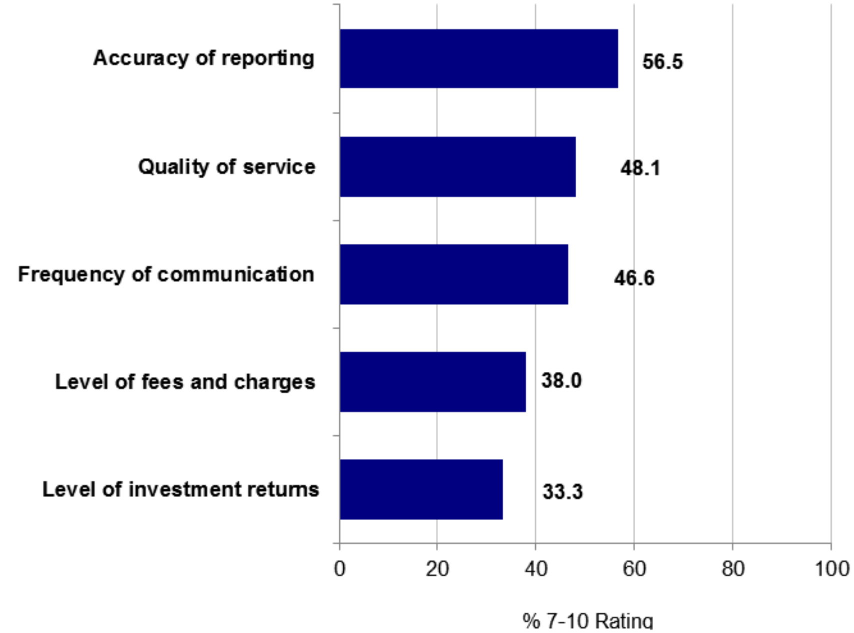
9. Satisfaction

58

Low Returns = Low Satisfaction

- Overall, members are most satisfied with the accuracy of reporting (56.5%) followed by quality of service (48.1%), and frequency of communication (46.6%).
- Satisfaction is lowest with level of investment returns (33.3%) and fees and charges (38.0%).
- Just under half were satisfied with the frequency of communication from their fund (46.6%).

How satisfied are you with the following aspects of your MAIN super fund?



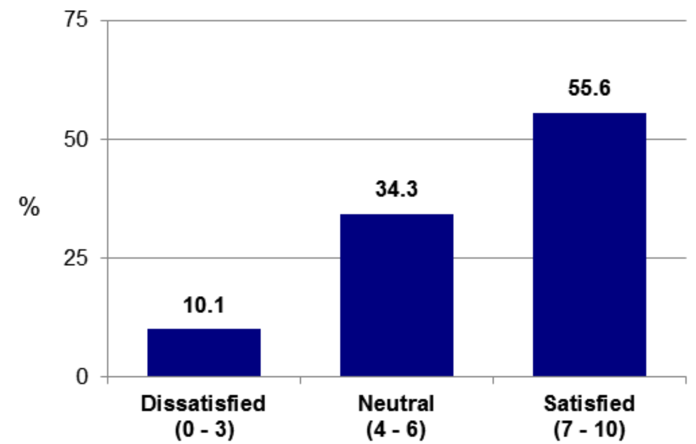
n = 966, respondents who are members of a super fund

Super Fund Satisfaction Falling

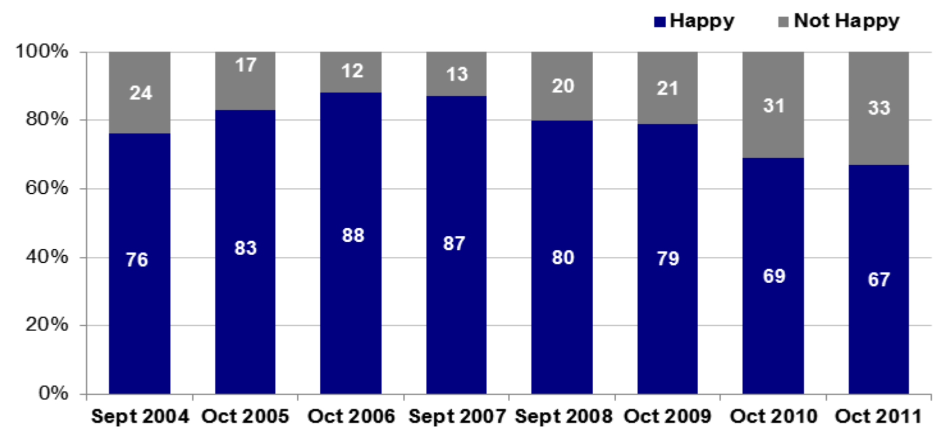
CORE DATA research

- Overall satisfaction with super funds is reasonably high in the context of market volatility and tempered returns, with just over half of all respondents (55.6%) rating their super fund satisfaction at least 7 out of 10.
- Super fund satisfaction, however has been on the decline since its peak in 2006 (88%).
- Respondents in 2011 reported their lowest level of satisfaction with their main super fund in eight years. Only two thirds were happy with their main super fund in 2011 (67%) compared with more than three quarters in 2004 (76.0%).
- Conversely those unhappy with their main super fund has risen to one third (33%) from a low of 12% in 2006 and 13% in 2007, before the GFC.

Overall, how satisfied are you with your MAIN super fund?



Year-on-Year



Fees & Poor Performance Drives Dissatisfaction

CORE DATA research

- Respondents attributed their dissatisfaction to excessive fees and poor performance/returns.

"I would like better returns" (Male respondent, 50, WA, Public Sector Fund)

"Loss on returns, and additional fees charged on account" (Female respondent, 36, NSW, Industry fund)

"Because I am losing money due to the global financial crisis and yet my fees are still being taken." (Male respondent, 28, NSW, Industry fund)

"Obviously, would prefer returns to be greater and costs minimised." (Female respondent, 34, SA, Retail Fund)

"Crap returns" (Male respondent, 40, Vic, Retail Fund)

"I don't think the returns are high enough" (Female respondent, 30, Vic, Industry fund)

“Because anything i may have made ends up going on fees. the fees should be proportional to their performance." (Male respondent, 29, WA, Retail Fund)

"It will be good if I have a better returns" (Female respondent, 37, NSW, Industry fund)

"Excessive fees" (Male respondent, 61, NSW, Retail Fund)

"Low returns but the fees have risen" (Female respondent, 42, WA, Public Sector Fund)

“The fees, lack of increase in the base, etc" (Male respondent, 64, Vic, Retail Fund)

“Lower returns, charge too much, not proactive in advice ..." (Male respondent, 46, NT, Retail Fund)

Lack of Communication Affecting Happiness

- Lack of communication and advice, and a perceived indifference also caused dissatisfaction, with members pointing to a need for more contact from their fund – particularly in light of the volatility.

"Communication and advice are lacking" (Male respondent, 51, WA, Industry fund)

“High fees and not great communication" (Female respondent, 40, NSW, Retail Fund)

"Communication is almost non-existent. Fund performance is probably mid-range vs the market which frankly is also under-performing" (Male respondent, 52, Tas, Retail Fund)

"Demonstrated indifference" (Male respondent, 68, Vic, Industry fund)

"I don't know much about my superfund or my returns and I do not receive much communication from them. " (Female respondent, 28, Qld, Industry fund)

"Little communication, no advice & poor returns!" (Male respondent, 58, Qld, Retail Fund)

“Insufficient communication/update. Obvious drop in returns" (Female respondent, 58, WA, Public Sector Fund)

"While I understand the inability to provide personal advice, it would be good to get more general advice and/or advice on options available within the fund." (Male respondent, 42, Vic, Corporate Fund)

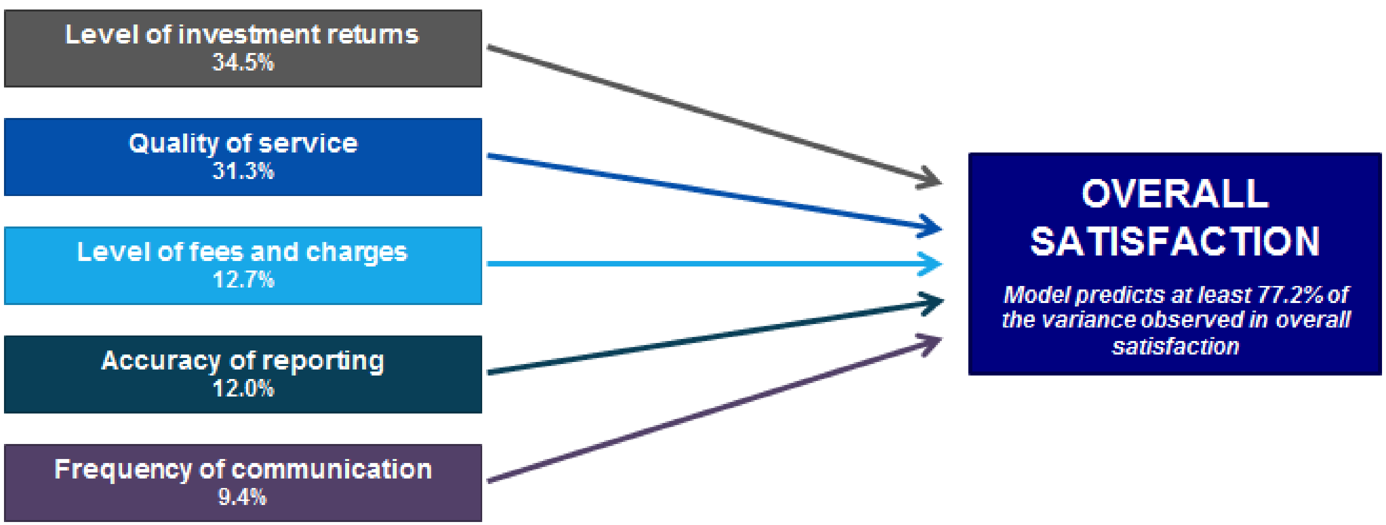
"I think they should contact me with some advice regarding my investments." (Female respondent, 51, NSW, Retail Fund)

"I would like to receive more advice on investment strategies during volatile periods." (Male respondent, 35, NSW, Public Sector Fund)

What's Driving Satisfaction? Returns & Service

- For this report, we reviewed the relationship between the overall satisfaction with their super fund and satisfaction at the attribute level using multiple regression modelling. Put simply, we tested the strength of the individual attributes to understand the ability of each to explain overall satisfaction.

- The final model is strong and predicts 77.2% of the variance observed in overall satisfaction. Level of investment return appears to be the main driver of commitment followed by quality of service, level of fees, accuracy of reporting and lastly frequency of communication.



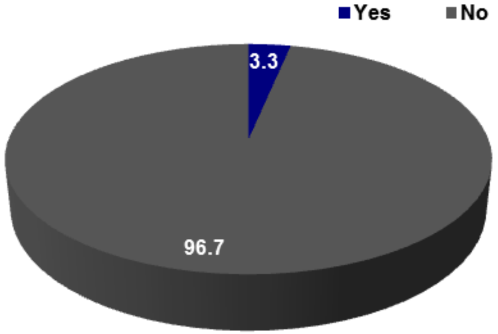
All predictors are statistically significant (p<0.001) except for accuracy of reporting

10. Switching Super Funds

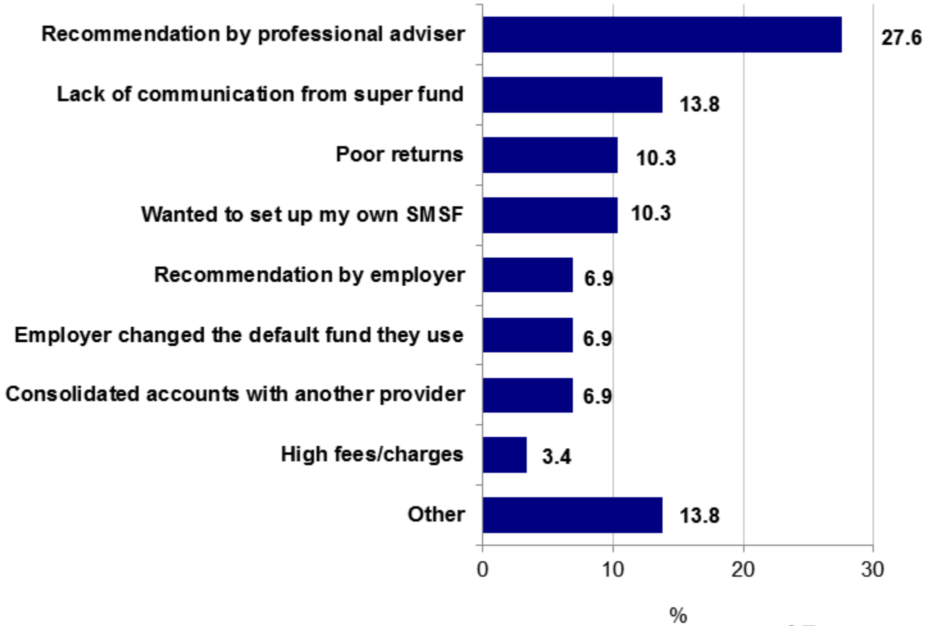
Adviser Recommendation Top Switching Driver

- The majority of respondents had not switched super funds in the last 12 months (96.7%).
- Of the respondents who had changed super funds, one quarter did so based on a recommendation by their professional adviser (27.6%).
- Lack of communication from their super fund (13.8%), poor returns (10.3%) and a desire to set up their own SMSF (10.3%) were also popular reasons for switching.

Have you switched super funds in the last 12 months?



What was the MAIN reason you changed super funds?

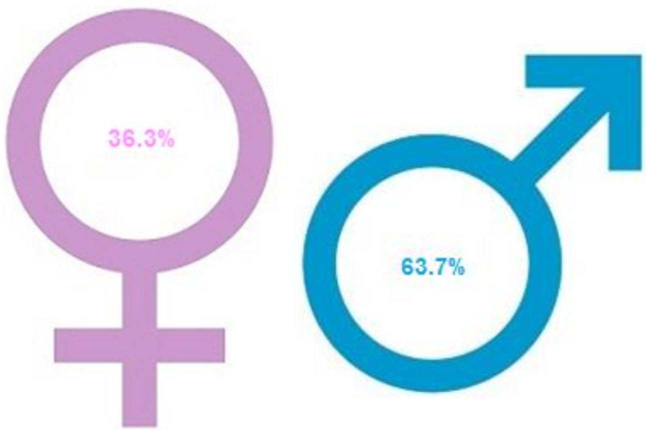


n= 29, respondents who have switched super funds in the last 12 months

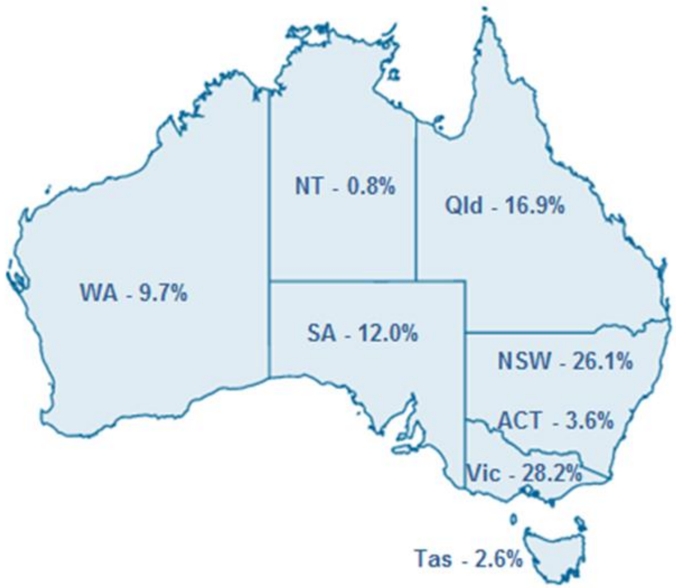
Demographics

Demographics

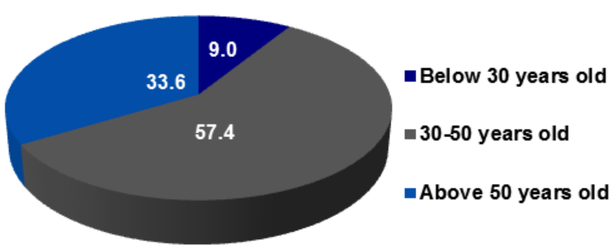
Gender



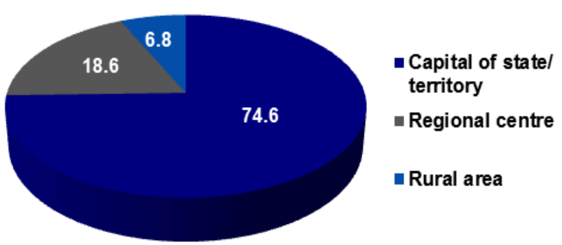
State of Residence



Age Groups



Area of Residence



Demographics

CORE DATA research

Investment Portfolio Size

	Percent
I have no investments	8.9
$50,000 or less	14.0
$50,001 to $150,000	21.6
$150,001 to $250,000	13.0
$250,001 to $350,000	8.3
$350,001 to $450,000	7.7
$450,001 to $550,000	5.8
$550,001 to $650,000	3.7
$650,001 to $750,000	3.8
$750,001 to $1 million	4.9
More than $1 million to $3 million	7.7
More than $3 million to $5 million	0.4
More than $5 million	0.4
Total	100.0

Occupation

	Percent
Managers and administrators	27.4
Professionals	34.5
Associate professionals	6.8
Tradespersons and related w orkers	3.3
Advanced clerical and service w orkers	9.1
Intermediate clerical, sales and service	7.8
Intermediate production and transport	1.3
Elementary clerical, sales and service	1.9
Labourers and related w orkers	2.3
Other	5.5
Total	100.0

Education

	Percent
Part of high school	4.3
Completed high school	13.4
Diploma or certificate qualification (inc	29.7
Degree qualification	29.8
Postgraduate qualification	22.8
Total	100.0

Wealth Segment Definition

	Investable assets
Mass Market	Less than $50,000
Mass Affluent	$50,000 to $350,000
Core Affluent	$350,000 to $750,000
High Net Worth	More than $750,000 and/or income more than $250,000 per annum

Company Overview

About CoreData

- CoreData is an Australian based market intelligence and research consultancy specialising in financial services.
- The group provides clients with market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.
- We pride ourselves on our ability to:
  - identify market trends at the earliest opportunity
  - formulate insightful quantifiable research
  - bring deep market knowledge to research and strategy development
  - blend experienced financial services, research, marketing and media professionals
  - bring perspective to existing market conditions and evolving trends.

Where does CoreData operate?

CORE DATA research

CORE DATA

Offices in London, New York, Manila and Sydney. Focuses on creating fast turnaround, high quality, consumer and distribution research. Core Data's goal is to allow clients to gain a very clear picture of how their clients and distribution channels are performing in a timely and cost-efficient manner.

dragondata

Beijing-based market research and market intelligence business. Primary relationships with China Net Com and EOL give us access to a database of more than 100 million mass affluent Chinese consumers.