



Media Release

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Fail: super funds' self report cards

Super Consumers Australia today released an industry first deep-dive into 42 super funds' member outcomes assessments (MOAs). The MOAs are a new consumer protection requiring funds to honestly report on how they have acted in their members' best interests.

[The research](#) found every fund claimed they promoted their members' best interests over the financial year 2020. This was despite 41% likely failing the new performance test due to high fees and lacklustre returns.

"Disappointingly, every fund gave themselves a pass mark and half deemed themselves so perfect they didn't need to improve in any area at all. This is despite many of the same funds being highlighted by the regulator as having high fees or poor performance over the same time period," says Xavier O'Halloran, director of Super Consumers Australia. *(See images below)*

The research found:

- Documents were overwhelmingly hard to find on websites. (69%)
- Funds made up their own target investment return metric to satisfy their assessments. (69%)
- Every fund claimed they promoted their members' best interests. (100%)
- Very few funds broke down how they worked in the best interests of members from different demographics. (24%)
- Less than half (48%) identified at least one way to improve the quality of their products.

"Despite the regulator directing funds to more reliable, independent measures of success, funds typically chose their own metrics. Over two thirds of the funds set their own target investment return. A hurdle so low that the Productivity Commission found every fund managed to clear it, despite some serious high fees and poor performance. Only three funds referred to a more comprehensive metric similar to the upcoming APRA performance test."

The regulator also directed funds to consider how they acted in the best interests of different groups (e.g. people with lower balances or those in part-time or casual work) within their membership. No fund broke down on a consistent basis how they ensured their product met the needs of key groups in their membership.

“Super funds need to get much better at considering the needs of groups within their membership. We’ve seen some very poor examples recently, for example charging insurance premiums to members but offering limited or no cover if they worked part time or in certain industries.”

“Funds with poor investment performance also tended to produce poorer quality reports than their better-performing counterparts. They were more likely to distract from poor performance with self-serving target returns (88%) compared to better performing funds (56%).”

“The proof will be in the pudding on Tuesday, when a large group of funds that were patting themselves on the back will be found to have failed the performance test.”

“These self-reviews did work well when the fund linked their products with comparable, objective measures, like the APRA heatmaps. Going forward, we think it is appropriate that APRA forces funds to use independent metrics. The current round of self-reporting would have led people in the worst performing funds to believe their fund was a gold medallist.”

“The best funds reflected on the areas that needed improving and committed to do better. It is this kind of honest engagement we want to see more of in the superannuation industry.”

You can read more about our findings and specific examples [here](#).

Which underperforming funds committed to improve?

Of the 17 funds in our sample that would likely have failed the government performance test, only 9 identified a shortcoming in either investment performance or fees, and committed to improve through taking action or identifying a merger opportunity.

Commitment to improve	No commitment to improve

Action taken by high fee funds

This table shows funds in our sample that APRA has flagged as charging higher than average fees. Yellow indicates fees slightly higher and burgundy indicates fees significantly higher than average

	✓ Action taken	— Reviewing	✗ No action
Significantly above average	MLC MERCER	cathOlic super	QANTAS SUPER
Above average	TWUSUPER		BOC SUPER
	primesuper		HOSTPLUS, avsuper, CDF, intrustsuper, A&A
	SUNCORP, FIRST super	TOYOTA SUPER	TelstraSuper, CareSuper

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