

Most super investors expect their returns to be worse this year: AIST Newpoll survey

Despite most Australians expecting their super returns to be worse this year, one in two workers think their super fund provider is doing a good job with their super in the current economic downturn, a new consumer survey has found.

The Newpoll March 2009 survey – commissioned by the Australian Institute of Superannuation Trustees (AIST) and released at today's AIST's Conference of Major Superannuation Funds at the Gold Coast - found that 61 per cent of Australian workers expect the returns on their super funds to be worse than last financial year, compared to 6 per cent of workers who expect better returns.

AIST CEO Fiona Reynolds said the survey showed that most people's expectations of their super fund's performance were in line with industry expectations of a second year of negative returns.

"There appears to be a good understanding among consumers that super funds are not immune from the global financial crisis and that funds are likely to report negative returns for a second year running," said Reynolds. "Importantly, this hasn't led to panic among investors, most of whom appear confident with their super fund's ability to ride out the storm."

The survey shows that while less than a third of workers indicate they would consider switching super funds if their fund reports a negative return this year, half those surveyed intend to stay put with their current fund.

Ms Reynolds said this finding was in line with industry feedback that switching rates had tapered off since peaking in October last year at start the global economic downturn.

"While there has been some switching between funds and investment options, these results indicate there is unlikely to be a rush of member exits in the medium term," said Reynolds.

And while the survey showed that 37 percent of those who make voluntary contributions would stop these voluntary contributions in the next 12 months, 57 per cent of those making voluntary contributions said they would continue.

"In tough economic times we would expect voluntary super contributions to drop off so it's encouraging that 57 per cent of people say they will continue to make these contributions".

Overall, the survey revealed that the vast majority of workers (81%) think the Australian compulsory system is a good way to save for retirement, although 52% are less confident that they will have enough super for their retirement compared to how they felt 12 months ago.

"At a time when some commentators have questioned the merits of our retirement incomes system, it's pleasing to see that most Australians remain confident that our compulsory superannuation system is the best way of saving for their retirement and believe that their super fund manager is doing a good job of managing their money in these difficult economic times."

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Summary key findings:

- 81% still have faith in the compulsory super system;
- 52% of workers think their super fund is doing a good job in this current economic downturn;
- 61% of workers expect their super returns to be worse than last financial year;
- 57% who make voluntary contributions will continue this year, but 37% say they wont continue;
- 44% say their retirement plans are unchanged by the global financial crisis, but, compared to 12 months ago, 37% now think they need to work past retirement age.
- 17% have moved, or considered moving, their super to more a conservative fund with the same provider
- 11% have moved, or considered moving, their super to more conservative fund with a different fund provider
- 61% checked their super balance in the last 6 months; 80% in the last 12 months

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AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly 2/3 of the Australian workforce.

This Superannuation Study was commissioned by the Australian Institute of Superannuation Trustees in March 2009. The survey was conducted online on 12-15 March 2009 among 784 full and part time workers aged 18-64 years nationally, including 710 workers with super,. The respondents were drawn from an online consumer panel managed by Lightpseed Research and the results were post-weighted to Australian Bureau of Statistics data on age, highest level of schooling, sex and area.

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