Media release

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Down but far from out…super still delivers over the long term

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The Australian Institute of Superannuation Trustees (AIST) – the peak representative body for the $400 billion not-for-profit superannuation industry – today urged Australians to keep their faith in superannuation in the wake of another year of negative returns for super funds.

Acknowledging that many members – particularly those close to retirement - would suffer real and significant losses, **AIST CEO Fiona Reynolds** said the latest SuperRatings* figures revealed not-for-profit super funds remained on target with their long-term investment objectives.

“While no one would celebrate a negative return, we have to remember that the last two financial years represents two of the worst years in the history of modern capitalism and global investing,” said Ms Reynolds.

“Importantly, super funds have survived this period better than many other investment vehicles, providing a long term annualised return of 6.7 per cent since our universal super system was introduced,” said Ms Reynolds.

“These long-term performance figures reflect many years of positive returns in the lead up to global financial crisis and exceed the stated investment objectives of most balanced super funds - which is to deliver annualised returns of CPI plus three-and-a-half percent.”

Ms Reynolds also noted that while the average super fund was down 20 per cent over the past two financial years, the Australian sharemarket had shed 47 percent during the same period. As a general rule, a negative return for super could be expected every six to seven years, she added.

While pointing out that the gap between the best and worst performing funds has widened during the economic downturn, Ms Reynolds said members needed to think carefully before making a knee-jerk reaction and switching to a different fund or different investment option within their fund.

“With many leading economists suggesting that we have passed the low-point in the investment cycle, remaining in a low-fee, not for profit balanced fund with some exposure to growth assets may be the best strategy for many fund members in the year ahead”.

This was particularly the case for members of top-performing not-for-profit funds which have consistently outperformed their retail fund rivals, in the years leading up to and throughout the current financial crisis.

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**SuperRatings July 2009 estimates*

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