



Australians overwhelmingly grateful for mandatory super

New study reveals Australians are disengaged, yet have no regrets when it comes to superannuation

Sydney, April 2015: Despite a lack of engagement with their superannuation, the overwhelming majority of Australians have no regrets about investing in super.

This is one of the surprisingly strong findings from the 2014 Net Promoter Score Survey (the Survey), an annual joint initiative of the Fund Executives Association (FEAL), Customer Service Benchmarking Australia (CSBA) and Melbourne Business School (MBS).

The Survey is now in its seventh year, and is designed to benchmark member satisfaction with their super fund by assigning each fund a net promoter score (NPS)¹ based on responses collated from over 4,500 interviews with fund members twice a year. The difference in the July 2014 survey was that additional questions around the subject of 'regret' were added to the Survey by Professor Don O'Sullivan, Associate Professor of Marketing, and Ujwal Kayande, Professor of Marketing, at MBS.

Professor O'Sullivan was interested in understanding what Australians really feel about mandatory superannuation, given how little thought most people give to their super choices, and at a time when super is very much in the spotlight in terms of its structure, adequacy and interaction with the tax system.

Professor O'Sullivan said most people do not make an active decision to join a super fund. Sixty-eight percent end up in the default fund, and only 13% follow recommendations. Most do not fully understand what they are buying.

"Engagement with super is incredibly low. In fact, most Australians do not apply a rational decision making process to their choices about super, they give it about as much thought as buying a bar of chocolate, and unless something goes horrifically wrong, their on-going strategy could best be described as set-and-forget.

"That's why we chose to ask questions about regret, to find out what Australians ultimately think about the outcome of super choices that, due to their own inaction, are made for them by others," Professor O'Sullivan explained.

Questions included, "If I had the choice, I would not have put my money into a superannuation fund", and participants were also asked whether they regretted their decision to join a particular fund, and whether they regretted their current investment option with a particular fund.

Professor Kayande said that regret was revealed to be so low as to be negligible, and lowest of all among older Australians. This is no doubt because older Australians are closest to retirement and accessing their savings, but statistically there was very little difference between the levels of regret of younger versus older Australians.

When it came to the differences between default and customised super options and putting money into super, the Survey found that levels of regret across all three groups were extremely low.

¹ An NPS is a widely used measure of customer loyalty around the world.



“And that’s great news for the founding fathers of our super system, like Paul Keating, who had to fight so hard to introduce mandatory super and to sell the benefits,” said Joanna Davison, CEO of FEAL.

Speaking about the member satisfaction results, Ms. Davison said that NPS scores recorded were excellent again this year. Most of the funds surveyed received a positive NPS, which is widely seen as a strong result in any industry.

“This is a great overall finding, but for super funds aiming to continue to meet and exceed member expectations, the Survey also revealed a number of insights into what members value most.

“Service was the number one driver of satisfaction, with members citing reliability, a strong reputation or brand and responsiveness as most important,” Ms Davison said.

Ms Davison said that participation in the Survey, including analysis of results at the subsequent workshop conducted by Professor O’Sullivan had once again proved to be of enormous benefit to funds. Funds looking to benchmark their performance and identify ways of measuring and improving member satisfaction and engagement were all able to take away actionable insights which could be applied to their overall business strategy.

In conclusion, Ms Davison said that the results of the Survey, and in particular the findings about regret were unexpected yet very revealing.

“If Australians do not regret contributing to super and are ultimately happy with the outcomes that the industry provides for them, then super funds are doing what they were set up to do.

Which is great news for all Australians,” she said.

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About the Fund Executives Association Ltd:

Fund Executives Association Ltd (FEAL) is an association dedicated to supporting the professional development of leaders in the superannuation industry. It provides members with an arena in which to discuss industry issues and learn from peers. Events include a National Conference, a Fund Executive Forum and national luncheon briefings. Members also have access to scholarships and award programs.