

The importance of net benefit in super



When assessing the performance of super funds, it's the net benefit that really matters. Understanding net benefit is a great way for members to see how performance, fees and costs are key factors that impact their super savings.

What is net benefit and how is it calculated?

Net benefit is simply the investment returns delivered to members, after admin and investment fees and taxes have been taken out.

The higher the net benefit, the bigger the balance



Investment earnings on super savings



Investment and admin fees and taxes



Net benefit to member super balance

The net benefit calculation gives members an indication of the real value their super fund is adding to their retirement savings. It's the total amount that will be added to their account balance to help it grow.

In its December 2018 report on superannuation, the Productivity Commission stated: "Delivering investment returns to members (net of all fees and taxes) is the most important way the system contributes to delivering the best possible retirement incomes. Persistently below par returns can lead to large foregone retirement balances. For example, the difference between a 5 and 6 per cent return, can amount to a projected 23 per cent (\$255,000) difference in retirement balances for a typical full-time worker."

How well does AustralianSuper perform when it comes to net benefit?

Pre-retirement

Our history of strong performance and low admin fees has given members an advantage over the long term. The following table compares AustralianSuper's net benefit against the average of all super funds and bank-owned retail funds. This shows investment earnings to 30 June 2019 less admin and investment fees, and it's one of the best ways to see how funds stack up.

Accumulation

	Net benefit over 5yrs	Net benefit Over 10 yrs	Net benefit Over 15yrs
AustralianSuper Balanced option	\$33,610	\$103,386	\$175,365
All super funds (average)	\$25,580	\$82,598	\$132,146
AustralianSuper advantage	+\$8,030	+\$20,789	+\$43,219
Retail super funds (average)	\$23,346	\$75,393	\$109,125
AustralianSuper advantage	+\$10,264	+\$27,993	+\$66,420

Net benefit to 30 June 2019. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

The comparison shows what a member would have for 5, 10 and 15 years to 30 June 2019, in addition to a \$50,000 starting balance and employer contributions, assuming they started with a \$50,000 annual salary.*

* Comparisons are modelled by SuperRatings, commissioned by AustralianSuper. Modelled outcome shows the average difference in 'net benefit', a measure of past investment earnings after administration and investment fees and taxes have been taken out. The results compare the AustralianSuper Balanced option and the main balanced options of funds tracked by SuperRatings that have a comparable option and performance history, for historical periods to 30 June 2019. The model uses return and fee data that is submitted to SuperRatings. Insurance premiums and other fees and costs may apply. Outcomes vary between individual funds. Refer to the following link for more details about modelling calculations and assumptions: industriessuper.com/assumptions-australiansuper. Returns from equivalent investment options of ARF and STA are used in calculating AustralianSuper's returns for periods that begin before 1 July 2006. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Retirement

Even when drawing an income from your super in retirement, our history of strong performance and low fees has given members an advantage in the long term. The following table compares AustralianSuper's Choice Income net benefit against others and shows how a member's balance would have grown over seven years to 30 June 2019, while still drawing a retirement income. Net benefit refers to investment earnings to 30 June 2019 (less administration and investment fees)†.

Choice Income - Account Based Pension

	Starting balance	Yearly income payment	Investment earnings (less fees) over 7yrs	Balance after 7yrs
AustralianSuper Choice Income – Balanced option	\$300,000	\$22,300	\$300,800	\$444,700
All super funds (average)	\$300,000	\$21,200	\$239,700	\$391,100
AustralianSuper advantage		+\$1,100	+\$61,100	+\$53,600
Retail super funds (average)	\$300,000	\$20,900	\$222,200	\$375,800
AustralianSuper advantage		+\$1,400	+\$78,600	+\$68,900

Net benefit to 30 June 2019. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

† Comparisons are modelled by SuperRatings, commissioned by AustralianSuper. Modelled outcome shows the average difference in 'net benefit', a measure of past investment earnings after administration and investment fees have been taken out. The results compare the AustralianSuper Choice Income Balanced option and the main balanced options of funds tracked by SuperRatings that have a comparable option and performance history, for historical periods to 30 June 2019. The model uses return and fee data that is submitted to SuperRatings. The model assumes: a starting age of 65 commencing 1 July 2012 and finishing on 30 June 2019; a starting balance of \$300,000; and a drawdown rate of 6% p.a. Capital growth will not continue throughout retirement. Insurance premiums and other fees and costs may apply. Outcomes vary between individual funds. Figures have been rounded to the nearest \$100. Refer to the following link for more details about modelling calculations and assumptions: industriessuper.com/assumptions-australiansuper. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Compare us

We make it easy to compare super funds and account-based pension products, so members can feel confident in their choices. Members can compare super funds side-by-side using the Super AppleCheck comparison tool. It's free to use and provided by independent superannuation research firm Chant West. Members can compare AustralianSuper with other funds on an 'apples-to-apples' basis that covers investments, fees, insurance and member services at: australiansuper.com/compare-us



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