

Friday, 22 December 2017

Industry superannuation funds set for growth

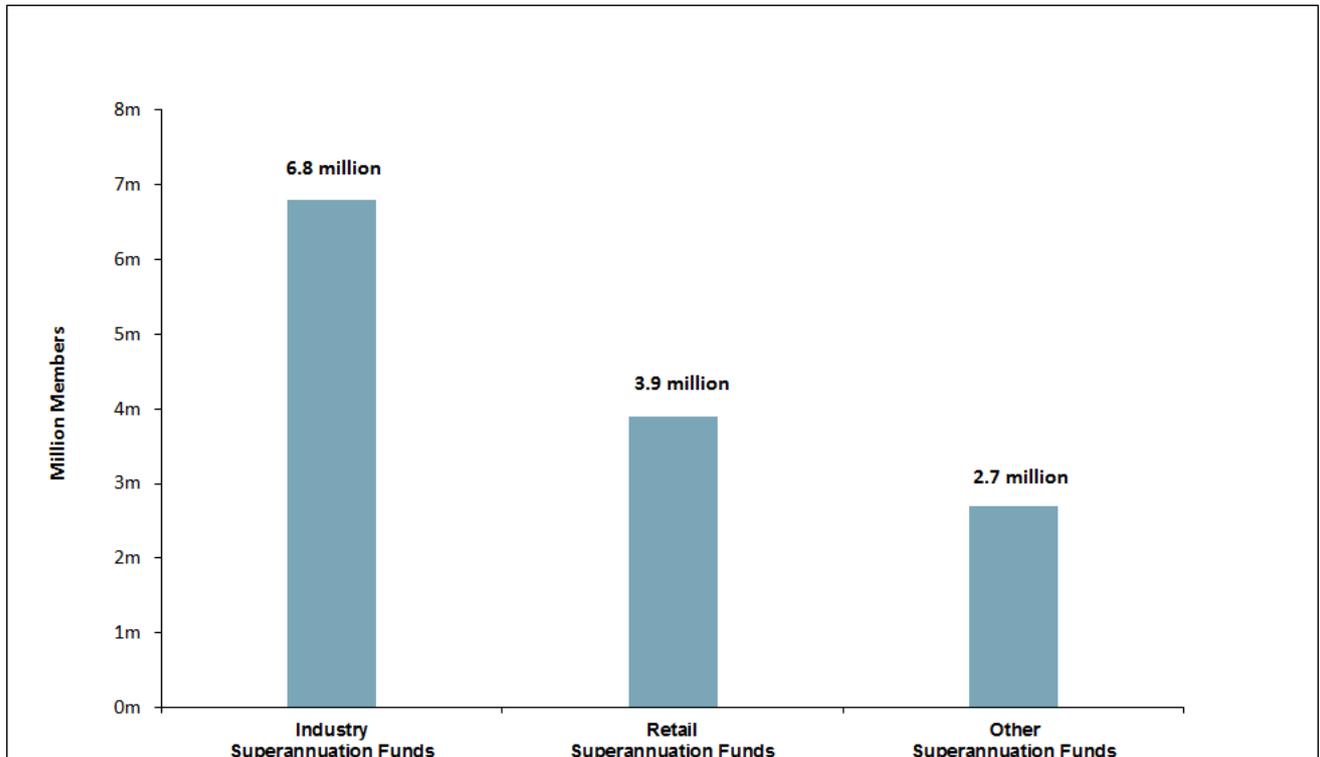
The combination of the largest membership base and youngest age profile, gives industry superannuation funds the greatest long term or lifetime growth potential.

This is one of the major findings from the new 2017 edition of the Roy Morgan 'Superannuation & Wealth Management in Australia' report.

Industry superannuation member numbers well ahead of other fund types

Of the 13.4 million Australians 14+ with superannuation, 6.8 million (50.7%) are members of an industry fund. This is well ahead of retail funds with 3.9 million (29.1%) and all other types combined which make up only 2.7 million. This big lead in membership numbers by industry funds gives them the greatest growth potential if they can be retained through to retirement.

Membership of Major Superannuation Fund Types

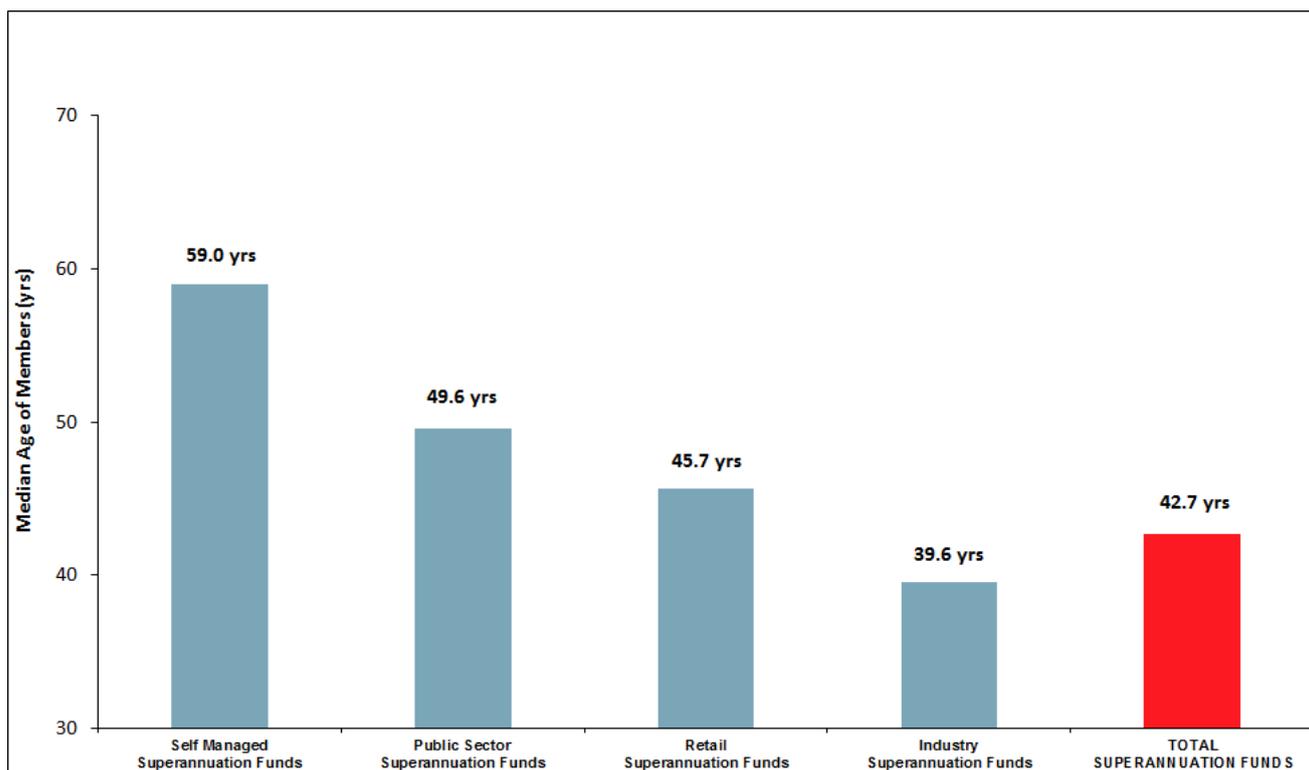


Source: Roy Morgan Single Source (Australia). 12 months to September 2017, n= 30,742. **Base:** Australians 14+ with superannuation

Younger age profile of industry fund members increases long term growth prospects

Although the median balance of industry fund members is currently only \$38,500, which is lower than the market average of \$57,800, this has a lot to do with the lower median age of industry fund members. The current median age of their members is only 39.6 years, well below all other superannuation types and as a result they have the best long term growth potential. Self-managed superannuation fund members (SMSFs) have the oldest median member age with 59.0 years, followed by public sector funds (49.6 years) and retail funds (45.7 years).

Median Age of Superannuation Fund Members



Source: Roy Morgan Single Source (Australia). 12 months to September 2017, n= 30,742. **Base:** Australians 14+ with superannuation

Norman Morris, Industry Communications Director, Roy Morgan says:

“Although industry funds have the greatest long term potential, there are a number of challenges to achieving this, particularly over time as balances increase. With higher balances there is likely to be a greater use of financial planners which often have a leaning towards their own funds or other retail funds and move away from industry funds. Another major issue is the challenge of high balances moving to SMSFs which impact retail and industry funds.”

“Engaging young people is the key to maximising their lifetime potential in this industry but this has generally proven to be difficult due to the long term nature of this issue compared to more immediate priorities, including housing affordability etc. For young people to become more engaged in superannuation they are likely to need financial advice and education but this has proven difficult in the past because of cost, the level of interest and trust. The poor rating in the overall population for financial planners regarding their ethics and honesty from the Roy Morgan ‘Image of Professions’ survey is likely to prove a barrier to their wider use.”

For comments or more information about Roy Morgan Research's retirement research and analysis, please contact:

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About Roy Morgan

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Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2