

Media release

FOR IMMEDIATE RELEASE

AIST/ Russell launch Super Engagement Index and research

- **Superannuation important to 85% of Australians' retirement**
- **A third of fund members don't know employer contribution amounts**
- **New index will allow superannuation funds to track member engagement**

Gold Coast Conference of Major Superannuation Funds (CMSF) 28 March 2011 – The Australian Institute of Superannuation Trustees (AIST) and Russell Investments have today launched their inaugural Super Engagement Index (SEI) and associated research report, *Tuning in to super*, which shows Australians have the right attitude towards their super but many are still in the dark on additional services provided by their funds aimed at helping members reach their retirement goals.

The SEI measures member engagement across eight weighted elements depending on the level of money and time spent and understanding associated with each factor. The inaugural SEI is set at 100 and will track Australia's super engagement every two years while also providing insights by segment including age, income and gender.

AIST CEO Fiona Reynolds said the index and research addresses a gap in the industry's knowledge about how members engage with their super funds.

"Given the compulsory nature of our superannuation system, it's vital that Australians are engaged with their super. This tool will help us understand and track engagement, what triggers it, and what qualifies as engagement at various life stages. For example, at age 25, if you know what super fund you belong to and you've checked your balance in the last year, that's engagement, but if you are 45, it may not be," she said.

Geoff Peck, Managing Director, Corporate Superannuation at Russell Investments said the research highlights that Australians understand the importance of superannuation after many years of education with the vast majority (85%) agreeing super is important to their retirement, and six in 10 placing importance on it now. Furthermore, many put super on par or ahead of most other financial and investment decisions.

"The findings from the research show the work being done by the industry is starting to have an effect and not just with those approaching retirement. Although older members place more importance on superannuation, saving for retirement is a life long journey and many are recognising it needs to be a priority as soon as we start working," he said.

The high percentage of members who place importance on super can also be linked to the government's effort to help people save for retirement. More than seven in 10 (72%) Australians are aware of salary sacrificing and similarly high levels of awareness exist for the government's co-contribution scheme (77%) and making contributions electronically (60%).

Ms Reynolds said "It was pleasing to see that one third of the survey respondents were aware of the most recent proposal to raise the super guarantee to 12 per cent.

"Obviously if we get to 12% super, then member engagement will become even more important than it is now. We've come a long way, but there are still gaps for the industry to address. With this biennial research, we're able to track more robustly the effects of our efforts and ultimately better prepare Australians for retirement."

More needs to be done

Although members are aware of the importance of super, there continues to be some cause for concern as over half the respondents in each of the age groups over 46 years felt their super balance was low and time was running out to build wealth. This is consistent with almost one in three (31%) not being confident their retirement income goals are on track.

“Longevity risk is a concern for many fund members so it’s concerning 36 to 45 olds - a crucial time for saving for retirement - are not making the time to engage with their super,” Ms Reynolds said.

Aside from member balance, the other major area for concern was that one in three did not know the amount employers contribute to super on their behalf.

Engaging through education

Further work is required to engage and educate Australians about their retirement future. The results from the research show the industry needs to continue to simplify and improve member communications, education and additional services such as insurance.

“Alarming low levels of Australians (6%) have taken up their super fund’s offer to top up their default insurance cover in the past year with only 55% of Australians knowing they can increase their insurance coverage via super,” Mr Peck said.

Education seminars run by their super fund on insurance and other issues is something a majority of Australians do not know they can take advantage of (42% knew about this service), with even less (only 9%) taking advantage of this educational opportunity. However, education can only go so far with evidence suggesting Australians still aren’t consolidating their super and are hence incurring more fees.

A copy of the AIST/ Russell superannuation engagement research is available at: www.aist.asn.au and at www.russell.com.au/sei

Note to editor

The research was commissioned by AIST and Russell and conducted by newfocus. Surveying 1,320 Australians over the age of 18, the index measures engagement across eight variables and explores drivers and barriers to engagement, and awareness of and attitudes towards super.

About Russell

Founded in 1936, Russell Investments delivers financial services, products and advice to institutional investors, financial professionals and individuals in more than 40 countries. Russell Investments mission is to improve the financial security of people and develops innovative solutions to meet the changing needs of all investors. Russell provides services to some of the largest corporate superannuation funds in the country, with total assets under management in Australia of more than AUD53 billion and 220,000 members under administration.

www.russell.com.au

About AIST

AIST is a national not-for-profit organisation whose mission is to promote and protect the interests of Australia's \$450 billion not-for-profit superannuation sector. AIST's membership includes the trustee directors and staff of industry, corporate and public-sector funds, who manage the superannuation accounts of nearly two-thirds of the Australian workforce.

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