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Switching super funds on the rise: survey

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The number of active super fund members looking to switch funds has risen over nine months to July, with the number of industry fund members thinking of changing funds almost doubling, a survey found.

An Investment Trends report found the number of actively engaged industry super fund members considering whether they should switch funds rose by 7 per cent to 15 per cent between November last year and July.

However, the number of active industry super fund members that said they would definitely change fell by 1 per cent to 2 per cent.

It's a similar trend across active retail super fund members. The number of survey respondents thinking of switching also increased 7 per cent to 24 per cent but the number of people that said they would definitely change rose 2 per cent to 6 per cent.

The 2009 Investor Sentiment and Communications Report is based on a survey of 5,600 investors and finished late July this year.

Mark Johnston, principal at Investment Trends, said there's a strong link between how much a member trusts their super fund and the decision to switch funds.

"About 40 per cent of those who said they did not trust their super fund were either considering switching funds or had already decided to switch," he said.

However, this rising potential to switch super funds is at odds with member trends found at superannuation administration provider, Pillar Administration.

In March this year, Peter Beck, chief executive at Pillar Administration, said the number of calls received by the firm regarding fund switching had fallen since the start of the financial crisis.

Meanwhile, the survey found an active member's desire to consult a financial planner before making any changes had fallen.

"Overall, 29 per cent of all investors who were intending to switch said they would consult no one before making changes," said Johnston.

In fact, the research found the proportion of active investors that spoken to a financial planner about what is happening in investment markets dropped 18 per cent over the nine-month period.

Michael Hobbs

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