

Super savers poured more into funds

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Members of large superannuation funds contributed more to their retirement pots in 2011-12 as financial markets, at least for the first part of the year, recovered their nerve.

After three years of consecutive falls, members injected \$16.3 billion of post-tax earnings into super in the 12 months to June, up 6 per cent on the year before, figures from the Australian Prudential Regulation Authority show.

It was the first rise since the Howard government gave investors a one-off opportunity to inject up to \$1 million of post-tax earnings into super in the year to June 2007. Members were rewarded for their confidence. The average balanced fund posted a gain of 9.2 per cent for the year, according to research firm Chant West.

That said, the past three months have been less kind. It is estimated that between July and August the median balanced fund lost 4.7 per cent, the worst three-month performance since the collapse of Lehman Brothers in late 2008.

The APRA figures only relate to super schemes with more than \$50 million of assets, and so do not take in self managed funds or small APRA-regulated funds that are required to appoint professional trustees.

Experts have attributed the rise in contributions to fears that the government will reduce the limits, prompting members to try to pump as much as possible into tax-friendly super schemes before the rules are changed.

Employer contributions, which include voluntary before-tax injections, rose 5 per cent to \$63.7 billion last year, slightly ahead of wage inflation of about 4 per cent.

The APRA figures show that in the three months to June, total super assets remained steady at \$1.34 trillion, although they rose 11 per cent over the 12 month period.

Do-it-yourself schemes held on to their position as the biggest slice of the super pie. At the end of June they held \$419 billion of assets, or 31.2 per cent of total super savings. Four years ago they accounted for 28 per cent of the total super industry.

The figures highlight the challenge facing industry and corporate funds to retain members.

In the June quarter, industry funds lost \$9.4 billion of member assets to other funds, while corporate schemes lost \$2.4 billion.

The numbers may be small relative to the average size of the funds, but separate surveys show that not-for-profit industry schemes are increasingly losing members to the self managed sector.

Research company Investment Trends found that between 2008 and 2011, 26 per cent of self-managed trustees said the majority of the savings rolled into a DIY scheme had come from the industry sector, up from 15 per cent between 1999 and 2001 and just 9 per cent before 1990.

The amount of savings being rolled over from retail funds has declined, according to Investment Trends.

Between 2008 and 2011, 34 per cent of self-managed fund trustees said their super dollars had come from a retail fund, down from 41 per cent between 2002 and 2004.

The Australian Financial Review

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