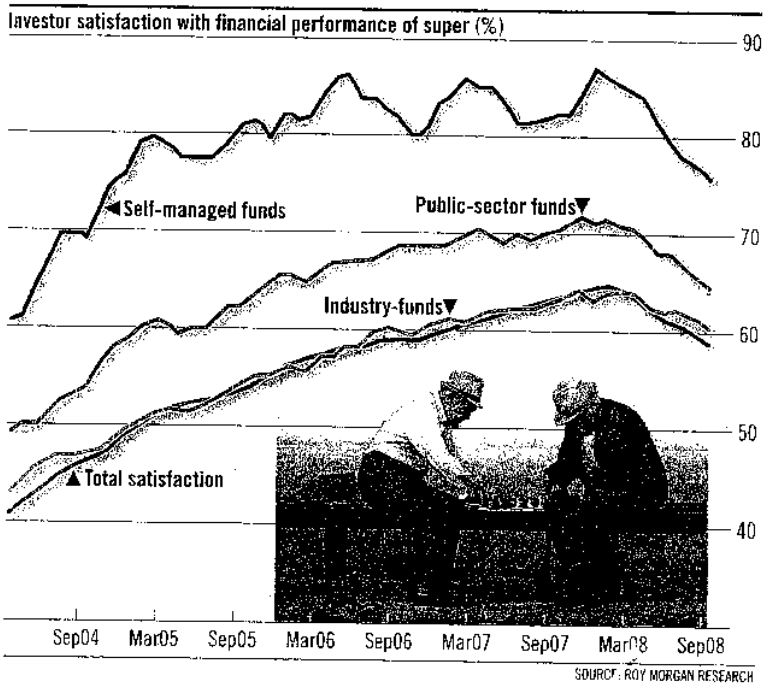
Still satisfied



Super investors content for now

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Superannuation fund members may be grumbling at barbecues and to their friends, but dissatisfaction with the performance of their fund managers or financial advisers hasn't become apparent in surveys of members – so far at least.

But the latest figures from a large-scale poll by Roy Morgan Research also show that most people who go to an adviser tied to one of the big six financial groups continue to be stuffed into the funds managed by the parent group – and in many cases may be unaware of the ties.

Up to the end of September, Morgan's poll found that the overall satisfaction of all members had declined only slightly from 62.1 per cent in the 2007 September year to 61 per cent in the latest period, while overall dissatisfaction had risen from 7.2 per cent to 8.1 per cent.

The figures continue to show less dissatisfaction for the not-for-profit funds; industry fund members' dissatisfaction levels rose only from 6.1 to 6.5 per cent while public sector fund members' dissatisfaction rose from 5 per cent to 6.6 per cent.

Against that, some of the retail, for-profit funds had much higher levels of dissatisfaction. Suncorp topped the list with 13.9 per cent of its membership unhappy, while ING (including Australia and New Zealand Banking Group) was not far behind with 13.7 per cent.

Axa and the National Australia Bank group actually managed slight reductions in their unhappy members to 12.5 per cent and 10.5 per cent respectively but, Morgan's industry communication director Norman Morris says, on a six-month moving average of all brands, the satisfaction level is moving down.

Intriguingly, the survey found a slight increase in the level of dissatisfaction among members of self-managed funds – from 6 per cent to 7 per cent – though there appears to have been no decline in the rush of people into running their own retirement money.

According to numbers from AMP Capital Investors, more than 10,000 new self-managed super funds were created in the June quarter this year – a rise of almost 4000. (AMP is interested because of the potential revenue for financial planners from SMSFs.) Despite a slight fall in the percentage of SMSFs using planners in the June quarter, AMP estimates a rise from $890 million to an estimated $950 million in fees paid to financial planners.

The SMSF market stands out as the only part of super where switches aren't driven mainly by people changing jobs or by employers' changes to funds. Morgan found that in the latest year, 47 per cent of switches to SMSFs came via financial planners, although the major advisory influence remains accountants, with 35 per cent of changes.

The AMP research report says average fees paid by SMSFs to financial planners rose by $600 in the latest year. Perhaps some SMSF members may need to ask just how "self-managed" their funds are under the wing of a financial planner.

And investors should ponder results that show that the Big Six financial planning groups are increasing the percentage of in-house personal super products they recommend to clients – from 73 per cent in the previous year to

Clients may not realise that some planners are tied to the parent group.

September to 74 per cent. Only the ANZ-ING group decreased the level of in-house recommendations (from 46 to 43 per cent).

AMP continued to source 83 per cent of super money from its planners, and Axa and Westpac Banking Corp-BT had levels of 79 per cent of products coming via planners.

Morgan's poll also raises questions whether clients realise some financial planners, though not carrying the parent brand, are part of the larger group.

Clients can identify "tied" planners using the parent name but fail to identify other members of the group trading under other names. So 69 per cent of people identify an AMP agent as "tied" but only 40 per cent knew that a Hillross planner was tied to AMP.

There were similar results in the NAB-MLC group for agents carrying the Godfrey Pembroke and Apogee brands, in Commonwealth Bank of Australia for Financial Wisdom, Axa's Charter and ING's RetireInvest.

More worryingly, significant numbers of clients of AMP (28 per cent of the survey) and Axa (31 per cent) still told the pollsters agents carrying the parent brand on their offices or business cards were "independent" financial planners.