

Why super fees matter

Superannuation is your money for retirement, and the fees you pay can make a tremendous difference to your final retirement savings.

From 0% to around 2.33%

There is a wide range of annual fees charged by different super funds. The average super fee is 1.15% but like all averages, this doesn't show the full picture.

Some of the top fee-paying Australians are in super funds charging around 2.33%. At the other end of the scale it is possible to pay 0% in super fees.

To know what you are paying in super fees, take a few minutes to look at your latest super account statement (you can usually also check this online) or call your super fund directly. Remember, if you have more than one super account, you could be doubling up on fees.

\$192,000 more in retirement money

Super fees have the greatest impact on young workers, simply because these people will have their money invested in the super system for a longer period. The table below shows that a 30-year old could be 60% - or \$192,000 - better off in retirement by switching from a super fund charging fees of 2.33% to a 0% fee option. A 40-year old using the same strategy could have up to \$139,000 more in super upon retirement.

	Annual Salary	Super balance	Final retirement balance			Potential increase in super savings by switching to 0% super fees from 2.33% fees
			0%	1.15%	2.33%	
Male						
Age 30	\$75,000	\$24,000	\$511,000	\$402,000	\$319,000	\$192,000
Age 40	\$85,000	\$68,000	\$440,000	\$364,000	\$301,000	\$139,000
Age 50	\$100,000	\$121,000	\$359,000	\$315,000	\$276,000	\$83,000
Female						
Age 30	\$70,000	\$21,000	\$473,000	\$373,000	\$296,000	\$177,000
Age 40	\$75,000	\$45,000	\$356,000	\$297,000	\$248,000	\$108,000
Age 50	\$90,000	\$65,000	\$254,000	\$225,000	\$200,000	\$54,000
Source: January 2015 RiceWarner Superannuation Fees and Performance report commissioned by ING DIRECT Assumes real (after-inflation) fund returns of 3.46% annually – modelled on a fund investing in 50% cash, and 50% indexed local and international shares, members only receive superannuation guarantee contributions and no insurance cover is provided.						

Why the big impact?

Super fees come directly out of your super savings, so less money is invested for your retirement. Over time this means missing out on the compounding investment returns that money could have earned within your super. Remember too, fees are often charged as a

percentage of your super savings, so the more super money you accumulate over time, the more fees you will pay in dollar terms.

Did you know?

Paying more in super fees is no guarantee of earning higher returns on your super.

What does it mean for you?

Taking just a minute to check your super fees is a step that can make a valuable difference to your super savings. None of us can control investment markets but most Australians have the opportunity to control the super fees they are paying.

IMPORTANT INFORMATION

The information is current as at publication and is based on research and assumptions contained in the January 2015 RiceWarner Superannuation Fees and Performance report commissioned by ING DIRECT. Fees are based on weighted average per member administration and asset-based fee for each sector in the RiceWarner database and the total number of members and total assets as reported in the 2013 APRA statistics. Super fees include investment and administration fees but not buy/sell spreads or indirect costs. It does not take into account your objectives, financial situation or needs and ING DIRECT recommends you seek independent financial and / or tax advice.