

High fees can eat \$192,000 hole in workers' nest eggs

Super fees range from 0% to around 2.33% annually – and paying more may not leave you better off in retirement.

Monday 9 March, 2015: Research by ING DIRECT confirms that super fees are a key stumbling block for Australians [saving for retirement](#). Final nest eggs can be eroded by up to \$192,000 as a result of super fees, and some of the top fee-paying Australians are paying around 2.33%.

Key findings:

- Super fees can range from 0% to around 2.33%. The average fee is 1.15%.
- A 30-year old man could retire at 65 with super worth \$511,000 in a 0% fee option compared to \$319,000 in a fund charging 2.33% - a difference of \$192,000. For a 30-year old woman the impact of high fees can add up to \$177,000 over a working life. This assumes investment returns are the same.
- Actively managed super funds charging high fees do not necessarily significantly outperform low-fee passively managed funds.
- After allowing for inflation, super funds charging fees of 2.33% need to earn almost 5% annually just for super savings to hold their ground.

Super fees - from 0% to around 2.33% annually

Research by ING DIRECT confirms the wide variation in super fees being paid by Australian workers.

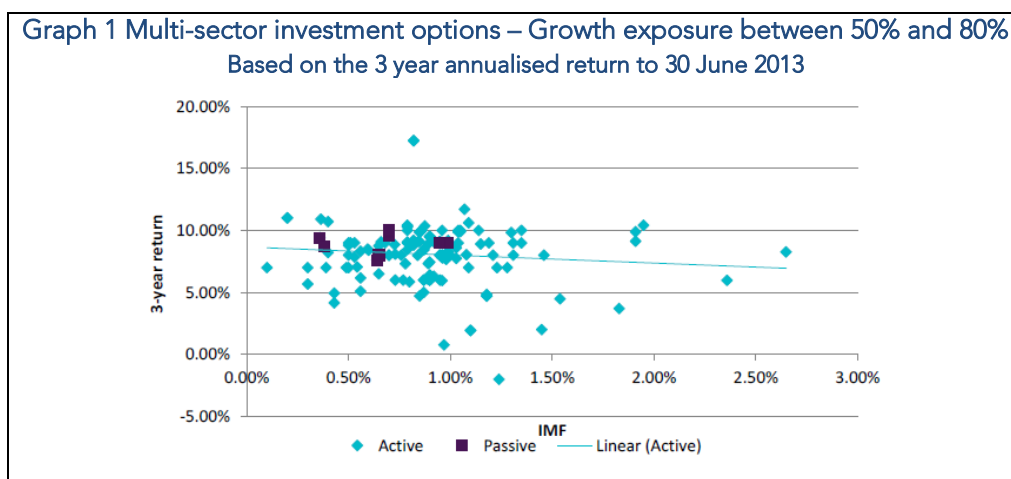
Super fees can range from 0% to around 2.33%. In dollar terms this means that annual fees can range from \$0 to \$1,165 on a super balance of \$50,000.

Some of the top fee-paying Australians are paying 2.33%. The lowest fee-paying Australians are paying a median of 0.51%.

High fees do not buy improved performance

Super funds that use active investment management strategies generally charge higher fees than passively invested super options, which aim to mirror rather than outperform investment market returns. Passive investment management is now used by 46.6% of retail super funds.

[ING DIRECT](#) research confirms there can be little difference in performance between actively managed super funds and passively managed options.



Strong returns needed just to maintain ground

Ms Lisa Claes, Executive Director of Customer Delivery, ING DIRECT, says, “Fees can have a significant impact on superannuation savings over the course of a working life, and fees are an important aspect that we can all control.”

“It is important for all Australians to take a moment to check the super fees they are paying. Many people have more than one fund, which means doubling up on fees and adding to the fee impost, so it is a good idea to check if you have any [lost or forgotten super accounts](#) and think about [consolidating multiple funds](#) into a single low fee account” adds Ms Claes.

Lost or forgotten super funds can be tracked down online using the Super Seeker database at the MyGov website (my.gov.au). It’s a free service.

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ING DIRECT spokespeople are available for comment. To arrange an interview, please contact Kristen Costandi, ING DIRECT PR Manager.

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About ING DIRECT

ING DIRECT changed the way Australians bank 15 years ago by launching the country's first high interest, fee free online savings account. Since then, we've brought this low fee value to home loans, transactional banking and superannuation. With over 1.5 million customers – and \$32 billion in savings and \$38 billion in mortgages – ING DIRECT has the highest Net Promoter Scores of any other bank in Australia (Q4 2014). **Please note ING DIRECT is never abbreviated to ING.**

The information is current as at publication and is based on research contained in the January 2015 RiceWarner Superannuation Fees and Performance report commissioned by ING DIRECT. 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.