

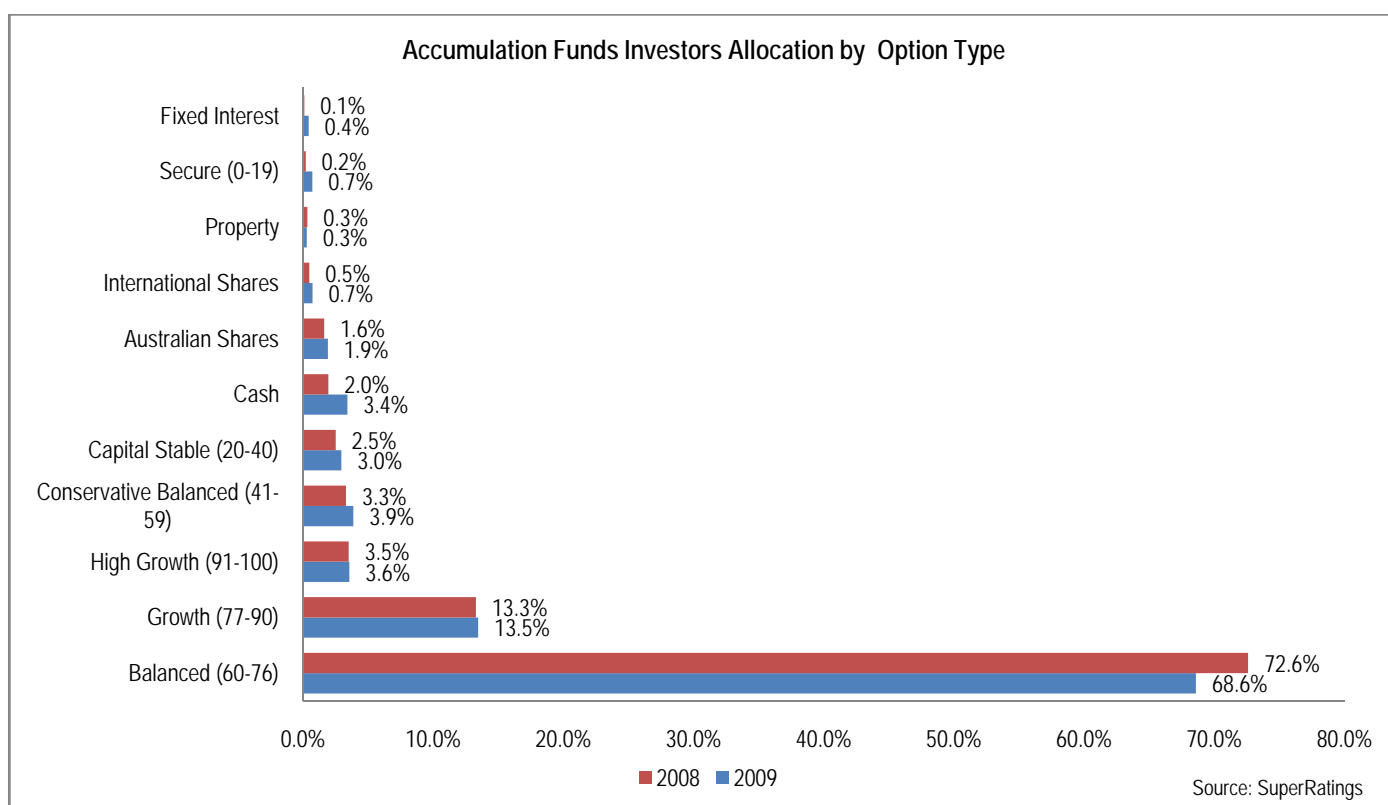
MEDIA RELEASE

15 June 2009

PENSIONERS FLOCK TO CASH WHILST APATHY RULES FOR PRE RETIREES AS AUSTRALIANS CONSIDER THE EFFECT OF THE GFC ON THEIR SUPER

- the percentage of pension member monies invested in Cash Options jumped from 3.7% in 2008 to 14.5% in 2009
- just 11.4% of pre-retirees assets sit in conservative style investment options
- only 3.3% of all pre-retirees monies moved from aggressive investment options to more conservative options in 2008
- 88.6% of Australians' pre-retirement monies are at least 60% exposed to higher risk assets such as shares and property

Despite the significant negative effect that the Global Financial Crisis has had on our super funds, over 88% of Australians' pre-retirement super monies continue to be held in mid to higher risk investment options. This is down just 3.3% from the 91.8% figure one year before. Conversely, post-retirees with superannuation pension products have just 63.3% of their monies in equivalent type investments, down from 75.7% a year ago. Market declines have seen pensioners switch more heavily into cash, which now accounts for 14.5% of all pension investments.



In a broad review conducted on Australians' super investment habits, covering over 12 million member accounts and over \$280 billion in Australian superannuation assets, SuperRatings' review, effective 30 April 2009, shows that just 3.4% of mainstream superannuation pre-retirement monies has been directed to cash investment options. Not surprisingly this is well up from the 2008 figure of 2%, but nowhere near the spike in pension cash investments to some 14.5% in 2009 from the 3.7% in 2008. Quite clearly the global financial crisis has affected pensioner investment behaviour significantly more than those yet to retire.

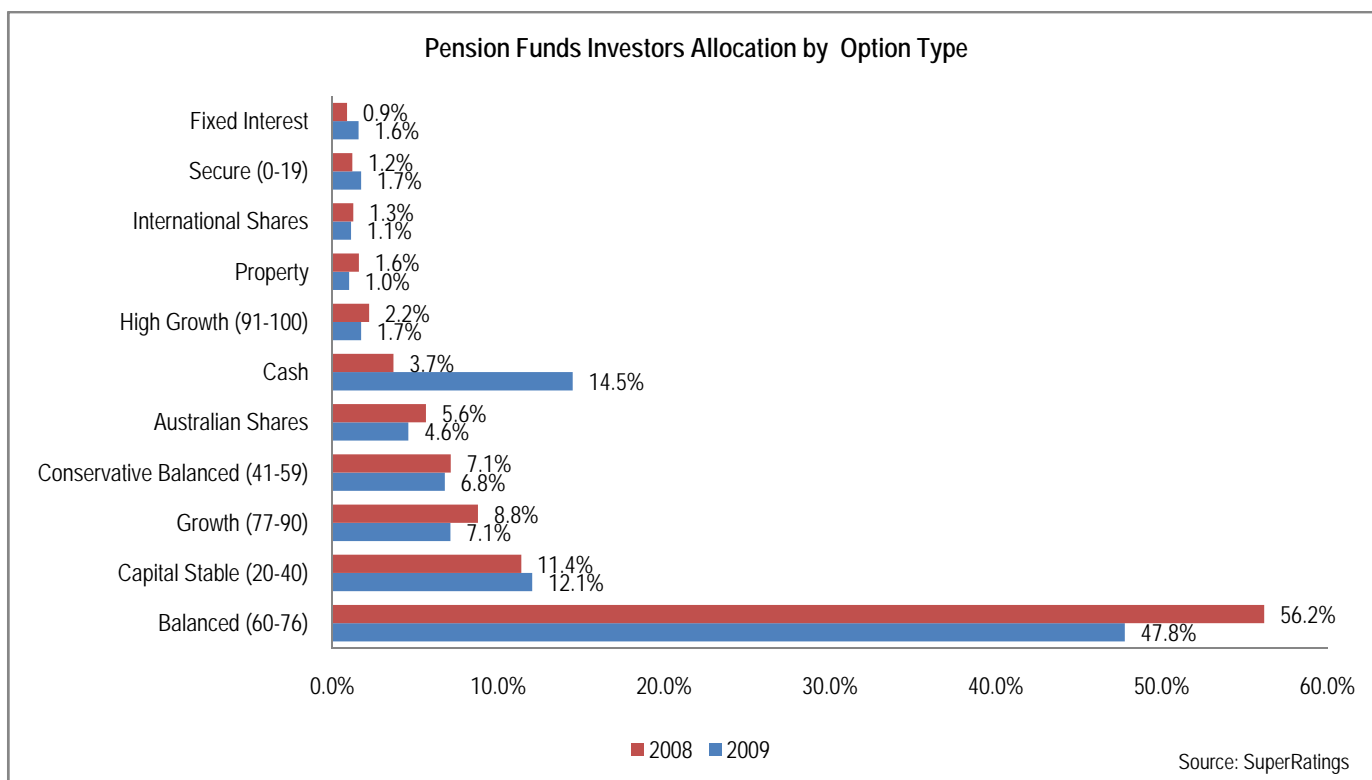
But when it comes to those prior to retirement, the bulk of all monies continue to be held in the traditional default options within our super funds, namely Balanced or Growth style options. Between them, these two options account for 82% of all monies, down just 3.9% from the prior year's figure of 85.9%. Despite the marketed attraction of having large investment menus, perceived mainstream investment options such as Australian Shares and International Shares have attracted little attention with just 2% and 1% of pre-retirees super monies being invested in these options respectively. Meanwhile, direct choice for Fixed Interest and Property options hardly registers a blip on the radar, attracting less than 1% of Australians' pre-retirement super investments. For the masses at least, it appears that a Balanced or Growth labelled option is the current answer.

The preceding question however, which remains largely unanswered, is whether Australians' fascination with diversified options such as growth and balanced is the result of intentional choice or just plain apathy through not making a choice when joining a super fund? Given that well over 90% of funds have their investment default (for those that don't make a choice) set as either Balanced or Growth, it would appear that the bulk of Australians are still just going with the flow and not making any active choice.

Managing Director of SuperRatings, Jeff Bresnahan, offers the following opinion *"despite reading that super funds will suffer their second negative annual return in a row, many Australians still have this misguided perception that it is affecting everyone else but them. When the 30 June statements hit letterboxes from July to September, the reality might just start to kick in".* He went on say *"That's not to say that Australians have got it wrong. In fact the general apathy has probably assisted most through not providing them with the temptation to switch and try and time the markets. Given the 25% plus share market rebound over the past 3 months, such apathy could be a blessing in disguise!"*

Pension Option Investments

Interestingly, when pension investments are assessed against those of pre-retirement super assets, the allocation to Balanced options drops from 68% to 47% and Growth options from 13% to just 7%. The big winner in these reductions is not surprisingly Cash investment options, where retirees have invested some 14.5% of their monies, up from just 3.7% 12 months ago and more than 4 times higher than the pre-retirement super allocation of 3.4%. A further 12% is invested in the relatively conservative Capital Stable style options meaning that on a comparative basis, pension fund members have around 37% of all monies invested in relatively low risk options, as against just 11% for pre-retirees.



The pension allocation would certainly be more reflective of the exercise of investment choice, due to the higher level of financial advice sought and engagement exhibited by retirees when selecting a pension fund to invest in. But, despite an overall more conservative investment allocation by retirees, there are pockets of aggressive behaviour with some 4.6% of pension assets still being directly invested in Australian Share options, more than double the exposure in mainstream super funds, but down from 5.6% 12 months ago.

Over the twelve months to 30 April 2009, pension fund members have, as a whole, reduced their exposure to every mid to high risk investment option in favour of a more conservative allocation. Nearly all of this money has flowed to cash. On an overall basis, investors in our pension funds have invested just 63.3% of their monies in mid to higher risk investments, a significant reduction on the 88.6% in the pre-retirement parts of the same super funds.

The behaviour of Australians when it comes to the investment of their superannuation will no doubt be subject to more and more research over coming years. Primarily the question is why the majority of Australians choose to largely ignore their super, potentially to the detriment of their long term financial stability. Until consumer behaviour is able to be modified, many of the inefficiencies that remain in the superannuation market can flourish unchecked.

END OF RELEASE

ADDITIONAL RETURN AND DATABASE INFORMATION

We believe our database to be the largest in Australia dealing with multi-employer superannuation funds, where the great majority of Australians have their retirement benefits invested. We now update our website monthly to show the top 5 performing funds together with the medians over all time periods for the following investment options:

Balanced	Conservative Balanced
Growth	High Growth
Australian Shares	Secure
International Shares	Diversified Fixed Interest
Capital Stable	Cash
Property	

RELEASE ENDS

SUPERRATINGS

To encourage and where necessary create disclosure within the Superannuation industry.



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More Info?? Simply go to our website
www.superratings.com.au

Click on "Latest Investment Returns" to view the various tables. The website will be updated with all 30 May results next week. The "SuperRatings' Index" as shown on the website is the median result of the largest funds. We welcome any Media enquiries regarding any of the information held on our database and where possible we will provide customised tables/graphs for your use.

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