

NGS SUPER MEDIA RELEASE

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Choosing the right insurance can maximise super balance, research suggests

Choosing an industry super fund doesn't just save on fees, it can save on insurance costs too. Research by Chant West reveals that industry fund members could have around \$60,000 extra (in future dollars) on retirement, due to lower premiums for Death & TPD insurance.

NGS Super commissioned Chant West to conduct research on the impact of insurance premiums for Death and Total and Permanent Disablement (TPD) cover, comparing its premiums to those of the top 32 retail funds. The research found that the costs of this insurance can have a significant effect on member balances over time.

“When discussing the costs of super to members, there is often a focus on administration fees. However the fact is, insurance premiums can have a big impact on a member's final account balance, so it pays to take this factor into account if you want to maximise your retirement savings,” said Mr Anthony Rodwell-Ball, CEO of NGS Super.

Most super funds include Death and TPD cover as a member service, deducting premiums from members' balances. The research showed that based on \$300,000 of coverage, a 26 year old female (non-smoker) NGS Super member would have \$59,712 more at age 65 (\$12,684 in today's dollars) than if she had paid the median white collar retail fund insurance premiums (which include average adviser commission of 19%). These projections were done using reasonable assumptions for investment return and inflation.

The difference in premiums increased with age, according to the analysis. At the age of 26, a female non-smoker would pay 59 percent higher annual premiums in a median retail fund than in NGS Super; at age 40 the difference is 143 percent, and at age 65 it is 208%. *(see table on following page)*

Mr Rodwell-Ball says the message for working Australians is to ask questions about all costs and fees when choosing a super fund.

“Insurance is an essential part of protecting yourself and your family, and accessing it through superannuation can be an easy, cost-effective solution. But as with any financial decisions, it pays to read the fine print.

“Firstly, check that the amount you're insured for is sufficient, and then consider whether the cost is competitive. It can make a significant difference by the time you retire, and should therefore be a consideration when making your choice of fund,” he said.

Age next birthday	NGS Super	Median retail fund	% higher than NGS
26	\$111	\$176	59%
30	\$114	\$195	71%
35	\$123	\$237	93%
40	\$132	\$321	143%
45	\$255	\$526	106%
50	\$372	\$922	148%
55	\$696	\$1,757	152%
60	\$1,257	\$3,444	174%
65	\$2,112	\$6,501	208%

* The retail fund premiums include average adviser commission of 19%.

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